

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Budget Estimates 2015–16

Melbourne — 20 May 2015

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Ms Jenny Mikakos, Minister for Families and Children,

Ms Gill Callister, Secretary,

Mr Jim Miles, Deputy Secretary, Infrastructure and Finance Services Group,

Ms Penny Croser, Acting Deputy Secretary, Early Childhood and School Education Group, and

Ms Susan McDonald, Executive Director, Early Years and Primary Reform Division, Early Childhood and School Education Group, Department of Education and Training.

The CHAIR — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2015–16 budget estimates. All mobile telephones should now be turned to silent.

I would like to welcome the Honourable Jenny Mikakos, MLC, Minister for Families and Children; Ms Gill Callister, Secretary of the Department of Education and Training; Mr Jim Miles, Deputy Secretary, Infrastructure and Finance Services Group; Ms Penny Croser, Acting Deputy Secretary, Early Childhood and School Education Group; and Ms Susan McDonald, Executive Director, Early Years and Primary Reform Division, Early Childhood and School Education Group.

All evidence is taken by this committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Any comments made outside the hearing, including on social media, are not afforded such privilege. The committee does not require witnesses to be sworn, but questions must be answered fully, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

All evidence given today is being recorded by Hansard. You will be provided with proof versions of the transcript for verification as soon as available. Verified transcripts, PowerPoint presentations and handouts will be placed on the committee's website as soon as possible.

Departmental officers may approach the table during the hearing to provide information to the witnesses if requested, by leave of myself. However, written communication to witnesses can only be provided via officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee's proceedings in any way.

Members of the media are to observe the following guidelines: cameras must remain focused only on the person speaking; operators must not pan the public gallery, the committee or witnesses; and filming and recording must cease immediately at the completion of the hearing.

Because we are covering a couple of portfolios in this session we will be doing the Department of Education and Training from 1.00 p.m. to 2.00 p.m., and we will be doing the Department of Health and Human Services from 2.00 p.m. to 3.15 p.m. This presentation, though, will cover both portfolios.

I will now invite the witness to make a very brief opening statement of no more than 10 minutes. This will be followed by questions from the committee.

Ms MIKAKOS — Thank you very much, Chair. I will clarify that it is the one portfolio that spans two departments, just to make that clear.

The CHAIR — My apologies, Minister.

Ms MIKAKOS — I am in quite a unique position in that sense, so I appreciate the opportunity to be able to change over the officials at the halfway mark.

I would like to begin by thanking the committee for this opportunity to present on the Andrews Labor government's first budget for the families and children portfolio. This budget focuses on families. We have invested in services that Victoria's families, including vulnerable families and children, depend on, by addressing the demand for key services, setting the stage for reform and delivering on election commitments. The creation of this portfolio, combining services from the departments of education and training and health and human services provides an opportunity to take a systemic and integrated approach to the delivery of services.

The 2015–16 budget delivers an increase in total portfolio output funding of \$615 million over five years for the families and children portfolio. This includes \$257 million over four years, a record budget, for child protection and family services. This represents an increase of 17 per cent when compared to the previous year's child protection and family services budget output figures. The investment is spread right across the support continuum. It aims to be there for people in a crisis, providing much-needed additional capacity at the tertiary end, but importantly it delivers investment in prevention and early intervention services.

Early childhood education is an important part of the families and children portfolio. It recognises that universal early childhood services play an important role in supporting vulnerable families and acting early to build resilience. This budget invests \$50 million for early years facilities, which will include investment in new

integrated children's centres, because we know families are best served when they can access maternal and child health services, child care, kindergarten, family services and early childhood intervention services all in the one location.

The budget also delivers \$9 million of continued support for early childhood intervention services to support children with a disability or developmental delay. Looking ahead, early childhood education will play a critical role in making Victoria the education state. While work is starting on this long-term agenda, the critical financial issue for 2015 has been securing commonwealth funding through the recently announced families package. We will continue to strongly advocate to the commonwealth that they provide ongoing funding for 15 hours of four-year-old kindergarten.

This budget includes \$48.1 million for Child FIRST and family services. This represents the biggest increase in a decade for this program, because we recognise the importance of supporting vulnerable families early. The funding will enable 70 additional workers to be employed by the community sector to assist an estimated additional 2100 vulnerable families each year. For the first time flexible funding packages totalling \$2.25 million per annum will be provided to enable timely, innovative, flexible support to vulnerable families.

As you know, our government is committed to addressing the scourge of family violence. In this budget we have committed \$81.3 million across government to develop a statewide response to this issue. We know family violence is a key driver of trauma for children. It is a driver of demand for our child protection and out-of-home care system. I am pleased to note that the Royal Commission into Family Violence, which we have instigated to help shape our policy response, has already commenced. In my portfolio we will see \$10.2 million over five years to boost family violence support services for families and children through a number of initiatives.

These are \$3.9 million for additional child protection and family violence support workers to provide assistance to women and children experiencing family violence; \$3.5 million for additional counselling services for children or women experiencing or recovering from family violence; \$1 million for community service organisations to refer men at risk of committing family violence to an appropriate men's family violence intervention program; \$0.9 million to support those at risk of experiencing family violence with a trial of CCTV monitoring and an emergency alarm duress card response, and identified hot spots to improve the safety and security of women and children; \$0.1 million to provide women and children escaping family violence access to pet foster care or rehoming programs at animal shelters; \$0.3 million to boost sexual assault services for children, young people and adults who are victims of sexual assault; and \$0.5 million for additional counselling support for victim survivors of sexual assault, to be delivered by the Ballarat CASA.

We know the child protection system has faced significant pressures in recent years. This budget provides \$65.4 million for child protection services and much-needed additional capacity to respond to that demand, delivering 111 additional frontline child protection practitioners. This will also include four specialised child protection workers to target the sexual exploitation of children in state care, and we will boost our after-hours workforce, including a statewide rollout for the first time of the rural after-hours on-call service.

We will also commit \$31.75 million to support keeping families together. This will include \$9.2 million to continue funding for family-led decision-making programs to engage with the families of children involved with child protection services to devise strategies that ensure the child's safety and avoid the need for further statutory intervention. And \$20.8 million will expand placement prevention and family reunification services across the state.

We will make an important start on improving our support for vulnerable Aboriginal children and their families, through funding of \$1.75 million for our additional response to Taskforce 1000. It will not immediately allow us to address the many issues we face in this area, but it will provide us with a concrete plan for moving forward and genuinely tackling this issue in a coordinated way, together with the Aboriginal community.

We must continue to seek better options for children who cannot live with their own families; \$70.8 million will be allocated to address those cost and demand pressures and to support carers. Of this, \$39.4 million will respond directly to growth in demand for out-of-home care. As I have said many times, keeping children in residential care needs to be our last resort. In order to do this we need to value our kinship and foster carers more. For the first time in more than a decade, \$31.4 million has been provided to increase financial support for carers. We will complete a consultation process with all stakeholders to simplify and streamline the current care

allowance system before these new increases are applied from January next year. We have also committed \$7.7 million to fund renovation and redesign to improve residential care units.

Our goal for all children must be to aim for long-term stability and ongoing care arrangements. That will enable them to lift their gaze to the future. So we will commit \$11.7 million to remove some of the barriers to permanency and to provide more stability for children in care.

Finally, the budget has delivered \$22.4 million to support disadvantaged and disengaged youth. This includes \$21.3 million to continue the Springboard leaving care program. This program supports young people to transition from residential care to independent living. And \$1.1 million has been invested to continue the youth justice intensive bail supervision program.

We have also allocated \$7.2 million over four years to continue the Good Money hubs in Geelong, Dandenong and Collingwood, and we have also recognised the importance of the workforce that provides support to our vulnerable clients by providing \$934.9 million over four years across government to pay for pay equity for community sector workers in response to the social and community services equal remuneration order. Thank you, Chair.

The CHAIR — Thank you, Minister. I will open up with the first question. Can you explain how the 2015–16 budget has acquitted Labor’s pre-election financial statement in your portfolio?

Ms MIKAKOS — Thank you very much for that question, Chair. The 2015–16 budget has fully acquitted *Labor’s Financial Statement* in early childhood education, delivering in full the funding required over the next four years to deliver upon Labor’s election commitment. I am proud that the Andrews Labor government has delivered on its election commitment to invest \$50 million over four years in early learning infrastructure to help ensure that Victoria’s children have access to high-quality facilities.

This is part of a record education budget. The early childhood funding will support the construction of new early learning and integrated children’s facilities and the upgrade of existing early learning facilities. In addition, minor infrastructure and information technology grants will be available to support high-quality learning facilities in every community. This initiative will help meet additional demand for kindergarten places and other early childhood services across Victoria. Engagement in early childhood education and care programs from birth to age five has significant benefit for children’s development, primary and secondary outcomes and in terms of longer term workforce participation.

This \$50 million will leverage additional funding from local councils and other service providers to maximise the benefit of every Victorian government dollar spent. In particular this investment of funding over four years will provide the sector with certainty of investment. In recent state budgets funding for early learning centre infrastructure has been provided sporadically. This has made it difficult for local government to plan their major projects. Now a four-year funding pipeline will ensure better planning processes, greater capacity to deliver co-located and integrated facilities and allow local government and other early childhood service providers to put forth capital that can be leveraged with a Victorian government grant.

It will also better enable planning for early childhood facilities to be co-located with primary schools — something that families love for the convenience, that educators love for the relationships it enables across the sectors and that children love for the easier and more familiar transition to school. With this four years of funding certainty, applicants will be able to put forward high-priority project proposals across the four years. Funding will be distributed across all areas of Victoria, with a strong focus on growth areas, but funding will also be available for regional areas and established metropolitan areas. The assessment of applications for capital grants will be undertaken by my department in accordance with the published guidelines, eligibility requirements and assessment criteria, and I expect to open the first grants round in the next month or so.

Mr T. SMITH — Minister, welcome. Referring to budget paper 3, page 171, which outlines the 2015–16 budget for early childhood, can you provide the committee with a breakdown of the federal government contribution for each program and service?

Ms WARD — I wish there was a federal government contribution to kinder.

Mr T. SMITH — There is heaps, thank you. That is why I am asking the question.

Ms WARD — I wish there was money for kinder.

Ms MIKAKOS — Thank you for that question, Mr Smith. The Victorian government receives funding from the commonwealth through several early childhood national partnership agreements. Under the National Partnership Agreement on Universal Access to Early Childhood Education, the commonwealth provides funding of \$97.4 million for the 2015 calendar year to maintain 5 hours of kindergarten for children in the year before school, bringing total funded hours to 15. The commonwealth government has announced that it has allocated approximately \$204 million to Victoria to continue to support universal access for the 2016 and 2017 calendar years.

Under the National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care, the commonwealth government has announced a national funding figure of \$61.1 million over the next three years. Victoria's allocation is yet to be determined. This contributes to the regulation of education and care services to improve the service quality and outcomes for children, and under the project agreement for the national occasional care program, Victoria will receive \$1.2 million from the commonwealth government in 2015–16 out of a total of \$4.7 million over four years. This provides for flexible occasional care, with priority to be given to rural and regional areas.

Mr T. SMITH — Minister, can you confirm to the committee the carryover of funding from 2014–15 to 2015–16 and whether the federal government contributions have impacted upon this?

Ms MIKAKOS — Thank you for that supplementary question, Mr Smith. If the question relates to the figures in the variation output — yes, I can confirm that the national partnership funding does have an impact on that variation and on the total output. I make the point that the Victorian budget papers were printed before the commonwealth budget was handed down. Therefore the 2015–16 output does not currently include the commonwealth funding contribution for 15 hours of kindergarten for 2016 that was included in the federal budget. We now know that with the commonwealth's universal access funding, an additional \$30 million will be provided to Victoria in 2015–16 compared to previous estimates, which is not reflected in the output cost. With this additional commonwealth output funding, around \$521.3 million is estimated to be provided in 2015–16.

The variation to the 2014–15 output costs is driven in significant measure by the delay that we had in securing the commonwealth contribution to the 15 hours of kindergarten, but I also point out that it is also significantly driven by the carry forward of funding from 2013–14 to 2014–15. Significant universal access national partnership funding was unexpended in 2013–14 and was therefore carried forward into the 2014–15 year. So essentially the previous minister did not spend the federal money quickly enough and banked it up to spend it in an election year resulting in an increase to the 2014–15 output target cost as a result of this carry forward from 2013–14. The funding was spent in 2014–15, meaning that significantly less funding was carried over into the 2015–16 financial year. This is why the 2015–16 output cost appears to be lower.

The output in the budget papers does not reflect any change in service delivery levels, I should stress. In fact we have increased state funding for children's capital, and funding to services has been indexed. We are absolutely committed to investing in early childhood education, so when the carry forward amount is removed from the 2014–15 budget output figures and the additional universal access funding for 2015–16 is added to the 2015–16 budget output figures, the increase from 2014–15 to 2015–16 is 13 per cent, or approximately \$60 million.

Dr CARLING-JENKINS — Thank you, Chair, and thank you, Minister, for your presentation. I congratulate you on the budget, particularly the 17 per cent extra that is being spent in this area. I have been asking a lot of ministers all about the integration of family violence within their portfolios, but that is quite unnecessary for you because, particularly from your presentation, it is obviously something that permeates every aspect of your budget here. I would like to ask specifically about the funding of more child protection workers. You have acknowledged in your presentation on page —

Ms MIKAKOS — Can I just take a point of order, Chair, if I may? Because the committee has agreed to doing the DET presentation first in this part of my appearance, I am happy to come to that question when I have the DHHS officials with me. Your question specifically relates to child protection matters, but I am happy to take that on notice and come back to it perhaps later on.

The CHAIR — In the next session.

Dr CARLING-JENKINS — That is all right; I will just have to regroup. I will re-ask you that in a moment then.

Ms MIKAKOS — Do you have a question on early childhood education?

Dr CARLING-JENKINS — Yes, I do actually, on the Child FIRST. Sorry, can I regroup? My apologies.

The CHAIR — Yes, of course. The Deputy Chair has made a very good suggestion: we will ask a government question and then we will come back to you.

Dr CARLING-JENKINS — Thank you.

Ms WARD — Minister, what I want to ask you about is something quite serious, and it concerns early childhood intervention. You referred to this in your presentation. I have referred to my nephew, who has special needs, at past hearings of PAEC, and he has benefited greatly from early intervention services. Can you please have a look at budget paper 3, page 47, table 1.8. I am aware of the fantastic work that Berry Street and CPS do, who are local to me, and who I have worked with over a number of years. Can you please give us further detail about the investment in early childhood intervention?

Ms MIKAKOS — Thank you, Ms Ward, for that very important question, and there certainly are some terrific agencies in the community doing some very important work in supporting children with special needs. I am very pleased that in the budget there is funding of \$9 million over four years to deliver 150 early childhood intervention service places and 150 flexible support packages to provide support for children with a disability or developmental delay. An early childhood intervention service place includes specialised therapeutic interventions for children in their home or community settings, counselling and family support to assist families to deal with the impact of caring for a child with a disability, supports for early childhood education and care providers to promote the access and meaningful participation of children with a disability in local community settings, as well as planning and coordination of a range of services and supports to meet the needs of a child in the family.

A flexible support package contributes to children's safety and wellbeing, mobility and access, and learning and development, and reduces some of the additional financial pressures faced by families of children with disabilities. Examples include minimising physical risk for a child with severe disabilities and behaviours through the purchase of safety fencing to prevent the child absconding from the family backyard, enabling the purchase of a walking frame to support the child to access learning and development opportunities, as well as contributing to transport costs to enable the parent without access to private or public transport to attend a specialised education program for parents of children with autism.

The funding brings the total investment to \$75 million in 2015–16 for the early childhood intervention service and flexible support packages. The early childhood intervention service and flexible support packages promote social inclusion by increasing participation in early childhood education and care activities. There are currently 10 308 ECIS places supporting approximately 13 900 children. The ECIS program, I should also point out, is included in the national disability insurance scheme, with lifelong support available for children who require it and who are eligible. The Victorian government is currently negotiating with the commonwealth to prioritise the ECIS program waitlist early in the NDIS rollout. Thank you for that important question.

Dr CARLING-JENKINS — I apologise for earlier; I had the wrong questions in front of me. If I could have a look at early childhood development, obviously, in budget paper 3, page 175. In this section we find that there has been a change to the methodology for calculating the kindergarten participation rate. I wonder if you could give the committee a little bit more detail around that and outline what your government is doing to lift the participation rate.

Ms MIKAKOS — Thank you very much for that important question. We have got, as you have pointed out in the budget papers, a change to methodology. Can I just point out that, firstly, Victoria is on track to exceed the 2014–15 targets for kindergarten participation, including children funded to participate in kindergarten, but the method for calculating the kindergarten participation rate changed slightly in 2014 due to an improvement in available data and analysis methods. Subsequently the 2013–14 result of 98.2 per cent includes children that should not have been included in the count — in fact they were double counted. So the 2014–15 expected outcome of 96.4 per cent is a more accurate reflection of the participation rate. The 2015–16 target is lower than

the 2014–15 expected outcome due to a projected decline in the four-year-old population in 2015 only. The four-year-old population is projected to return to growth from 2016.

In terms of your broader question, in terms of lifting participation, I certainly welcome that very important question because our approach is to acknowledge the absolutely fundamental role that kindergarten participation offers every child, and this is part of our government's vision of making Victoria the education state. As part of that, we want to ensure that as many children as possible are participating in early childhood education. This is why we have been fiercely advocating to the commonwealth about the need for continuing investment in 15 hours of kindergarten, because access to a minimum of 15 hours per week of an early childhood education service is one of the benchmarks of OECD countries developed by UNICEF in 2008. They actually had identified this as a particular issue. So we had COAG reforms that rolled out across the country the universal access of 15 hours participation, and I am very pleased that our state now has just about every kindergarten offering that quality 15 hours program.

But I am aware that there are gaps, particularly when it comes to Aboriginal children. If you look at the Closing the Gap data, if you look at ROGS data, we certainly could do better nationally and in Victoria in terms of the participation of Aboriginal children. So in March of this year I launched the Koorie Kids Shine at Kindergarten campaign to increase Aboriginal children's participation in both three and four-year-old kindergarten. The aim of that campaign is to build on recent improvements in this area. Whilst the gap in four-year-old kindergarten has closed significantly since 2007, in 2014 the gap stood at almost 17 per cent, which remains unacceptable. This means that one in six Aboriginal children are not going to kindergarten in the year before school.

The department has also initiated a project in partnership with the Victorian Aboriginal Community Controlled Health Organisation, VACCHO, to address barriers experienced by Aboriginal families in engaging with their local maternal and child health service. In addition to that, I point out that we could do better in other areas as well — for example, in relation to children from culturally and linguistically diverse backgrounds. We fund FKA Children's Services to improve access to kindergarten for children from CALD backgrounds by providing casual bilingual workers, training on inclusive practice and language assessments for funded kindergartens, and also children on eligible refugee and asylum seeker visas can access the kindergarten fee subsidy, which provides free or low-cost kindergarten in the year before school.

The other area where I think we could do better is in relation to children with a disability. The Victorian government funds the kindergarten inclusion support packages to support children with disabilities and ongoing high-support needs to participate in kindergarten. Children with additional needs are given priority of access to funded kindergarten programs. So whilst the participation rate in the budget papers shows that we are doing very well in terms of kindergarten enrolment, I want to make sure that children are not just enrolling, they are also actively participating throughout the year. Certainly we are looking at developing strategies and working with the community sector and working with early childhood providers to identify what strategies work, in particular in those cohorts that identify Aboriginal children, CALD children and children with special needs, to get more of those children enrolled and actively participating in kindergarten programs.

Dr CARLING-JENKINS — Thank you, Minister, particularly for identifying those gaps. One of those gaps is actually what I was going to ask about, and that is the increase in participation rates for children with disabilities. You mentioned an increase in support packages in that area. I wonder if you could outline for the committee a little bit more about those packages.

Ms MIKAKOS — Yes. Thank you very much for that supplementary question. As I outlined, there is investment in the budget of \$9 million over the four years to deliver 150 early childhood intervention services places as well as 150 flexible support packages to provide support to children with a disability or developmental delay. These ECIS and flexible support packages promote inclusion by increasing participation for children with a disability or developmental delay in early childhood educational care activities. These can be supports like speech therapy and other practical supports that children need to prepare them not just for kindergarten but also for school. The research does show that the earlier we can intervene the better the outcomes for those children, so this is a very important area.

As well as that, I should also point out, and I mentioned before, that we fund KIS packages as well. These are kindergarten inclusion support packages, which build the capacity of funded kindergartens to support the inclusion and participation of children with a disability, developmental delay or complex medical needs. Kindergarten inclusion support packages may provide the kindergarten with staff training, additional staffing

and access to specialist expertise. We provide a number of packages throughout the year, but we also fund preschool field officers to assist kindergarten services to support access and participation of children with additional needs in kindergarten. That preschool field officer program provides an early intervention outreach service offering practical advice and support to services.

I think you might also be interested to know that it is important that we ensure that our professionals are equipped for the task at hand and —

Dr CARLING-JENKINS — Absolutely.

Ms MIKAKOS — equipped to support children of diverse backgrounds and various needs. Early childhood intervention professionals and educators in early childhood collaborate to include children with additional needs and to support their transitions within and across early childhood services and schools. Professionals respect the diversity of children and families and provide them with the best support opportunities and experiences.

This is why there was the Victorian Early Years Learning and Development Framework that was designed to advance all children's learning and development, including children with a disability or developmental delay, and that supports all professionals to work together, whether they are from the health sector or early childhood or school professionals, and with families to achieve better outcomes for children.

We also fund the Early Childhood Intervention Australia Victorian chapter, which is the peak body that provides support for the workforce. They provide a range of workforce initiatives designed to strengthen workforce capacity and capabilities of the ECIS sector, in particular in its readiness for NDIS implementation. So we are doing a range of initiatives to support children with disabilities and their families to receive strong and effective early intervention to maximise their development, wellbeing and life opportunities.

Mr D. O'BRIEN — Good afternoon, Minister. My question is also related to early childhood development, particularly as a father of a couple of kinder kids and husband of a kinder president who is grappling with a significant deficit in their local kinder. The question is in relation to budget paper 3, page 171. I notice a 6 per cent decrease in the budget. I appreciate you made some comments about that before —

Ms MIKAKOS — I think I gave a very detailed explanation about that.

Mr D. O'BRIEN — which were very detailed and a little bit fast for me to keep up with. Nonetheless, the national — —

Ms WARD — Let us talk about ongoing 15 hours funding.

Mr T. SMITH — It is being funded.

Ms WARD — Yes, ongoing for two years.

Mr T. SMITH — Yes, until the end of 2017.

Ms SHING — I really like it when things get asked.

The CHAIR — Order!

Mr D. O'BRIEN — My question is: the national quality framework requires the new teacher-child ratios for four-year-olds in kindergarten to be implemented by early next year. They will change from 1:15 to 1:11 — that is, 1 teacher to 11 children, which will place a big financial strain on all of those kinders, not to mention in the area of infrastructure as well. I would just like you to explain how the costs of these additional childhood educators will be borne.

Ms MIKAKOS — Thank you, Mr O'Brien, for that question. The national quality standard sets a national benchmark for early childhood education and care and outside-school-hours care services in Australia, and as part of that national quality standard Victorian kindergarten services will be required to move from an educator-child ratio of 1:15 to 1:11 or better from 1 January 2016 for children aged three and above. Improving educator-child ratios allows educators to give more individual care and attention to children and support better learning

outcomes. This change will impact on kindergarten staffing requirements and service delivery models. Despite this, I should point out that a significant number of Victorian providers already meet the new ratio requirements.

I am pleased that the commonwealth government has now announced \$843 million nationally over the next two years to continue universal access, of which approximately \$204 million has been allocated for Victoria, as I indicated earlier. However, the funding provided by the commonwealth is significantly short of what is needed and does not account for the pressures on Victoria as a result of the introduction of the new educator–child ratios in 2016.

As you would be well aware it has only been a week since the commonwealth’s budget, and our government is in the process of assessing the requirements that deliver the change in required ratios in light of the commonwealth funding announcement last week. We are currently — —

Mr D. O’BRIEN — That is separate to this, Minister.

Ms MIKAKOS — In responding to your question, Mr O’Brien, it has an impact. We are speaking with sector representatives on the impact of the changes. For example, my department is working closely with the Municipal Association of Victoria, local councils and key stakeholders to plan for and support the transition to the new ratios in 2016. We have sent a survey to all service providers seeking information on how the ratio change will impact on their staffing requirements and service delivery models, and this will be used to inform planning for implementation targeting support.

We are currently working through these issues. I understand that the early childhood education and care sector needs certainty regarding kindergarten funding for 2016, and I will be announcing the funding rates as soon as possible. But our government’s intention is to minimise any impacts on parental fees.

Mr D. O’BRIEN — I appreciate your answer, Minister, but this has been coming for a while. Your answer was, ‘We’re still working with them. We have sent a survey out’. We know this is coming in this coming financial year, so I ask again: has there been any additional funding provided for kindergartens to cover this change in ratios, and will you rule out any increase in fees to parents?

Ms MIKAKOS — Mr O’Brien, I think I have given you a very detailed response. As I have indicated we have only become aware of the commonwealth’s willingness to continue its contribution to the 15 hours — —

Mr D. O’BRIEN — The framework has been coming — —

The CHAIR — Order!

Members interjecting.

The CHAIR — Order! Ms Ward! The minister is answering your question, Mr O’Brien. I ask you to desist and let the minister continue.

Ms MIKAKOS — We have only become aware of the commonwealth’s willingness to continue to provide 15 hours of funding for the next two years — I make the point that it is not ongoing funding — which we welcomed. We certainly hope that the commonwealth will continue to provide ongoing funding. But this does have a direct bearing on this issue, Mr O’Brien, because we are disappointed that the commonwealth offer does not include any additional funding for the ratios. It is essentially — —

Mr D. O’BRIEN — I am asking whether yours does? That is what I am asking, Minister.

Ms MIKAKOS — It is essentially — —

Ms WARD — Please allow her to finish. You just take off like a bat out of hell each time.

The CHAIR — Order!

Ms MIKAKOS — Mr O’Brien, we are looking at what the funding envelope is. We have become aware of the commonwealth’s contribution in the last week or so, and we are now working with the sector in a very diligent way to identify what the implications will be in terms of these new ratio requirements for next year. As I indicated — —

Mr D. O'BRIEN — On a point of order, Chair, the question was fairly simple: what has the state government done to prepare for these new ratios? I appreciate that the timing of the federal contribution has caused issues for kindergartens generally, but the framework has been coming for quite some time. The minister is still saying, 'The federal government has thrown it all out — —

Ms MIKAKOS — Including under the time of the previous government.

Members interjecting.

The CHAIR — Ms Ward and Ms Shing should speak through the Chair.

Ms SHING — Further to the point of order, Mr O'Brien, the question has been asked and answered by the minister. She gave an extensive outline in the presentation at the commencement of today's hearing and has answered —

Mr MORRIS — Cost to parents; that is what we are asking.

The CHAIR — Through the Chair!

Ms SHING — the principal question. The supplementary may not be the answer that you are after, but —

Members interjecting.

Ms SHING — it is actually contingent upon arrangements from the federal government, which have been set out in its budget, which was only handed down a week ago.

Mr T. SMITH — To the point of order, and indeed to the minister's answer, the question has not been answered. These are Labor reforms going back to 2008. I would have thought that she would have been better across them than she is currently, quite frankly.

Ms SHING — On a point of order, the member is seeking to bring the minister into disrepute by asserting that she is not across the details. I ask that the member withdraw that statement.

Mr T. SMITH — I am not going to withdraw — —

Members interjecting.

Mr T. SMITH — Quite frankly, the minister has not answered the question; that is all there is to it.

Ms SHING — Further to the point of order, saying that the minister is not across the detail is actually really disrespectful, and I seek that you withdraw that comment, given the volume of detail that she has provided in her presentation and the answer to the principal question to date.

The CHAIR — Will you withdraw?

Mr T. SMITH — No.

Members interjecting.

The CHAIR — The minister has given a very detailed outline to date in terms of funding in the sector. The minister has made it clear that the federal budget has only been handed down quite recently, and obviously that is going to have an impact upon what may or may not happen in the future. I am satisfied that the minister has answered the question. I am not sure if the minister wants to elaborate any further.

Ms MIKAKOS — Thank you, Chair. I know these are issues that you are intimately familiar with —

The CHAIR — Indeed I am.

Ms MIKAKOS — from your previous role as chairperson of Early Learning Association Australia. If the members were listening carefully, I did actually say in the answer to the substantial question that we understand that the sector needs certainty regarding kindergarten funding for next year, and I will be announcing the funding rates as soon as possible. Our intention is to minimise any impacts on parental fees. I make the point

that these reforms have been a long time coming, and in fact the previous government had four years to plan for them as well.

The CHAIR — Ms Shing is now going to ask a question on behalf of Ms Pennicuik.

Ms SHING — Thank you, Minister. Good afternoon, and good afternoon to departmental officials as well. For the avoidance of doubt, I am not asking this question as Harriet Shing, a member for Eastern Victoria Region; I am asking this question on behalf of the Greens member Sue Pennicuik, who has referred to budget paper 3, Service Delivery, page 47, and the line item ‘Early childhood intervention services’, which is also explained in the memo on page 48.

The key question relates to a lot of unmet demand, according to what has been communicated to Ms Pennicuik from the sector, despite the continued support for 150 early childhood intervention services and 150 flexible support packages to assist children with a disability or early developmental delay. This builds upon the question which Ms Ward asked earlier. The concern is that demand is likely to grow even further when the NDIS commences in July next year.

The substantive question is this: could the minister please explain how the figure of 150 places compares with the former DHS target of 1000 additional places every year, as articulated in *Victoria’s Vulnerable Children: Out-Of-Home Care — A Five-Year Plan*.

The second tranche of the question is: how was this figure of 150 places arrived at?

The third tranche of the question is: what is the government’s plan for preparing services in the sector for the expected increase in demand associated with the NDIS that is due to begin next July?

That is three questions in one, asked by Ms Pennicuik, for you, Minister.

Ms MIKAKOS — Thank you, Ms Shing and Ms Pennicuik, for that question in virtual presence — multifaceted question that it was. As I indicated to Ms Ward earlier, the budget includes \$9 million over four years to deliver 150 early childhood intervention services places and 150 flexible support packages to provide support for children with a disability or developmental delay. We are currently negotiating with the commonwealth for the full scheme rollout of the NDIS, with the transition schedule requiring agreement by 1 July 2015. Prioritisation of waitlists, including the ECIS waitlist, has been factored into Victoria’s negotiating strategy with the commonwealth on NDIS. Any proposal to fund places for the ECIS waitlist will be informed by the outcome of the NDIS rollout negotiations and transfer schedule.

As I indicated earlier in my response to a question from Dr Carling-Jenkins, we are also supporting the peak body, ECIA Australia, Victorian chapter, in terms of helping the sector to transition, so there are a range of strategies in place to support the sector to get ready for this. It is a significant change. The NDIS is equivalent to the establishment of the Medicare system, and I see it as a great Labor reform that was championed by the previous federal Labor government. We are now working through the detail of what the implementation means across the age continuum. My focus is obviously on very young children who are currently eligible for ECIS and ensuring that they will have their needs addressed under the NDIS system.

Ms SHING — Further to the three tranches of the substantive question I do not propose to introduce a supplementary on behalf of Ms Pennicuik.

Mr DIMOPOULOS — Good afternoon, Minister. I am just wanting to have a chat to you about the commonwealth families packages, which you referred to earlier. Obviously this area is an area of joint responsibility between federal and state; hence I think the questions from Mr O’Brien were a bit cheeky, given there are two levels of government that are very much responsible for this area. My question relates specifically to BP3, page 171, table 2.5, output summary, ‘Early childhood development’. As I said, I know in your presentation you talked about the family packages. Can you give us a sense of the expected outcome of these packages and what they will achieve?

Ms MIKAKOS — Thank you, Mr Dimopoulos, for that important question. The commonwealth government’s families package has significant implications for the Victorian budget over the forward estimates. Starting with funding for kindergartens, the Prime Minister announced a two-year continuation of commonwealth funding for 15 hours of kindergarten to the end of 2017 through an extension of the national

partnership agreement. This commitment obviously has significant financial implications for the Victorian budget as commonwealth funding contributes to universal access of 15 hours of kindergarten for all Victorian children in the year before school. The Victorian government funds 10 hours, and the commonwealth contributes funding for 5 hours.

It is positive that the federal government has responded to the advocacy of state and territorial governments, including our very strong advocacy on this issue, and that of local councils, kindergarten providers, peak bodies and parents, and have continued their investment in this important stage in children's development. They have also acted in accordance with the recommendation of their own Productivity Commission inquiry. However, the terms of the commonwealth offer raise a number of concerns. Firstly, the time-limited nature of this funding is disappointing, given the Prime Minister's rhetoric about the importance of investment in high-quality early childhood education.

Mr T. SMITH — Chair, on a point of order, I am tiring of the commentary on federal issues from the minister. Can she keep to her own responsibilities?

Ms WARD — Chair, further on that point of order, it is not for the Chair to direct the minister on how the minister conducts — —

Mr T. SMITH — The Chair — —

Ms WARD — Excuse me; please let me finish instead of talking over the top, which you regularly do, Mr Smith. We really need to wind that back because all it does is delay proceedings, which I am sure none of us would like to see.

Mr T. SMITH — Thank you for your advice, Ms Ward; it is greatly appreciated.

The CHAIR — Order! Ms Ward is to continue on the point of order.

Ms WARD — It is not for the Chair to direct the minister as to how to conduct her answer. She is going through her answer, and she will give the information that she needs to give.

Mr T. SMITH — We will just interject. If she is going to continue to run a commentary on the federal government, we will continue to interject all afternoon.

Ms WARD — To that, I go back to another ruling made by the previous Chair, the Deputy Chair who is in front of us, which also said that the Chair has no discretion in terms of directing the minister.

Mr T. SMITH — It was me who was interjecting, not him, and I was not here then.

Ms WARD — This came from the Deputy Chair at a previous PAEC.

Mr T. SMITH — One committee does not bind the other, Ms Ward. You know that.

Ms WARD — We keep hearing that, but — —

Members interjecting

Ms SHING — Further to the point of order, the minister is, as anyone who appears before this committee as a witness is, entitled to provide a level of context that is relevant to the substantive or to the supplementary question, which she is in fact doing. On that basis — —

Mr T. SMITH — Chair, I have made my comment.

The CHAIR — Ms Shing is making a point of order, and she will be heard in silence.

Ms SHING — I note Mr Smith's consternation about the way in which that context is being expressed, but perhaps the Chair might rule in relation to the fact that the minister is in fact engaging in answering a question which has the necessary context and history to it.

Mr DIMOPOULOS — Chair, further to the point of order, the question I asked the minister specifically referred to the commonwealth families package — commonwealth. I am not sure, Chair, if you have heard the expression ‘In the land of the pig the butcher is king’. In the land of kindergartens, schools, education and health, in many respects the commonwealth is king, and you cannot give a full answer without including the commonwealth funding.

Mr T. SMITH — Thank you for your constitutional law lecture 101, Mr Dimopoulos. It is greatly appreciated.

The CHAIR — Order! As members would appreciate, this is a policy area where there is significant overlap between both state and federal jurisdictions, and the minister in answering the question is referring to that overlap. The minister to continue without assistance.

Mr T. SMITH — Without the political commentary, thank you, Chair.

Ms WARD — If the commonwealth came to the party — —

The CHAIR — Order! I have ruled on this.

Ms MIKAKOS — I point out that Mr O’Brien did ask me a question about the commonwealth funding and implications for the Victorian budget just earlier, so it does have an impact on the forward estimates.

Mr D. O’BRIEN — On a point of order, Chair, I did not ask about commonwealth funding.

Members interjecting.

The CHAIR — Order! The minister to continue.

Ms MIKAKOS — It is important to make it clear, Chair, that the commonwealth funding through the national partnership does have some bearing on the early childhood outputs in the Victorian budget not just now but into the forward estimates. We are concerned about the time-limited nature of the funding that has been offered, because in two years time our kindergartens will again face uncertainty as to whether this commonwealth contribution to the funding will continue for early childhood and education in Victoria. If the commonwealth government is serious about supporting the sector long term, we are seeking an ongoing sustainable commitment to enable the sector to plan beyond the short term and provide parents and children with security.

The offer of \$204 million over two years is significantly short of what is needed, and I referred to some of the shortcomings earlier when we were discussing the ratios issue. The indexation is welcome, but the funding offer fails to keep pace with population growth as well. It does not invest in the workforce, nor does it support implementation of the new educator-to-child ratios in Victoria from next year.

Further, the details of the agreement also need to be looked at to ensure that it is not tied up with onerous conditions.

The CHAIR — The minister to conclude her answer.

Ms MIKAKOS — Thank you, Chair. We need to look at the conditions because we know that the previous state government signed up to an agreement in terms of a 12-month extension that had more onerous conditions than existed previously, so we are seeking to negotiate with the commonwealth at the moment to ensure that what we get is actually supportive of universal access.

Mr T. SMITH — I refer to budget paper 3, page 47. Early childhood service providers are also faced with potential decreased financial assistance from councils due to the government’s rate-capping policy. How will you provide certainty to the sector that rate capping of local government will not affect councils’ ability to provide the current subsidy rates to kindergartens and that fees will not be passed on to parents?

Ms SHING — I request clarification. Did you say ‘due to rate-capping policy’?

Mr T. SMITH — Yes, your rate-capping policy.

Ms SHING — So you are attributing one outcome — —

The CHAIR — Order! Through the Chair.

Mr T. SMITH — That will obviously impact local government's ability to fund early childhood services, clearly.

Ms SHING — On a point of order, the premise of that question presupposes that council spending is directly attributable to rate capping and that therefore one leads to the outcome of the basis of the question.

Mr T. SMITH — Revenue does tend to have an impact on expenditure, last time I checked.

Members interjecting.

The CHAIR — Order! Members of the committee are allowed to make points of order and to do so in silence.

Ms SHING — On that basis, I ask that perhaps Mr Smith rephrase the question so it does not presuppose that one outcome is due to the consequence of the implementation of government policy.

Mr MORRIS — On the point of order, Chair, it is my understanding that the contribution from local government is at least 35 per cent, so there is a potential serious impact in this area.

Mr D. O'BRIEN — On the point of order, Chair, we have just had an hour of discussion about the commonwealth's impact on this sector. This has a huge bearing from the local government perspective.

Ms SHING — Further to the point of order, it is the words 'due to rate capping' that I have an issue with. Again, it invites a conclusion that you are seeking certainty around what you term as cuts as a consequence of or as being attributable to rate capping. I do not think that is open for you to assert.

Mr T. SMITH — What is the impact, then, of the rate-capping policy on the provision of early childhood services that are funded directly by councils?

The CHAIR — I am happy for the question to stand. One observation I would make, though, is that rate capping as a policy is not due to come in until 2017–18, I think.

Ms SHING — No, it is next year.

The CHAIR — Sorry, it is 16–17, so clearly it will have no impact upon this budget that we are discussing, but I am happy for you to ask the question in the way that you have rephrased it.

Ms MIKAKOS — I welcome the question. This government is committed to alleviating cost of living pressures arising from local council rates. To achieve this we are establishing a fairer rating system aimed at capping rate increases to the consumer price index. We have commissioned the Essential Services Commission to undertake an inquiry and recommend how best to implement this policy. As members would be aware, the fairer rating system is expected to commence in 2016–17.

The maternal and child health service is delivered by all local councils, with state and local government as equal partners in decision-making for the planning, funding and provision of the maternal and child health service. State and local governments contribute equally to the hourly costs for the universal maternal and child health service, with the enhanced maternal and child health service and the maternal and child health line being fully funded by the state government. I make the point that local councils make their own decisions regarding the services they provide to their communities. Some councils operate kindergarten and childcare services directly while in other areas early childhood services are managed by community and private organisations.

Mr T. SMITH — Minister, capping a council's ability to raise revenue will have an impact on their ability to fund early childhood programs. I am just wondering: which representatives have you met with from local government to discuss the impacts on early childhood services? Whether they be the MAV or the local government minister, I am just wondering who you have met with to discuss your reforms in your sector.

Ms SHING — Can I raise a point of order? Again the start of your supplementary sounded to me like a statement — ‘the implementation of a rates-capping policy will result in cuts’.

Mr T. SMITH — I was simply just setting some context for my question, Ms Shing. Ministers have been setting a lot of context all week; I simply did the same for my question.

Ms WARD — You are again interrupting, Mr Smith.

The CHAIR — Through the Chair!

Ms SHING — It is not in fact what the minister said in her answer, so I would hate for anyone to be under any illusion that you are attempting to verbal her, given the answer that she has just provided.

The CHAIR — Sorry, I was momentarily distracted having a conversation with the Deputy Chair because I am conscious of the fact that the time for the DET component has expired and we are about to move on to DHHS. I ask Mr Smith to restate his supplementary question because I did not hear it.

Mr T. SMITH — I am wondering which representatives from local government, particularly pertaining to early childhood services, the minister has met with to discuss the impact of rate capping on early childhood services.

Mr DIMOPOULOS — Just a quick point of order: I think the minister said that there are different levels of engagement with local councils. Being someone who has had some experience, many councils do not run any kindergartens.

Mr MORRIS — And many do.

Mr DIMOPOULOS — Not many.

Mr T. SMITH — Many do, and many day care centres as well.

The CHAIR — I am happy for the question to stand and for the minister to answer.

Ms MIKAKOS — As I indicated, local councils make their own decisions regarding the services they provide to their communities, but I have had discussions with the Municipal Association of Victoria and I speak to them regularly about a range of issues. I speak to local councils regularly as I make my way around the state.

Ms WARD — You have spoken to the mayor of Nillumbik.

Ms MIKAKOS — I have spoken to many mayors. I have spoken to many councillors. I conduct myself with an open door policy. I engage with my stakeholders on a very regular basis across my portfolio, and I am always happy to hear from them on a range of issues — but as I indicated in my substantive answer, councils make their own decisions about the services they offer their local communities.

The CHAIR — I would like to thank Ms Callister, Mr Miles, Ms Croser and Ms McDonald for their attendance this afternoon. We will now switch straightaway to DHHS.

Witnesses withdrew.