

# TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into Budget Estimates 2018–19

Melbourne — 31 May 2018

#### Members

Mr Danny Pearson — Chair

Ms Sue Pennicuik

Mr David Morris — Deputy Chair

Ms Harriet Shing

Mr Steve Dimopoulos

Mr Tim Smith

Mr Danny O'Brien

Ms Vicki Ward

Ms Fiona Patten

#### Witnesses

Ms Jenny Mikakos, Minister for Early Childhood Education,

Ms Gill Callister, Secretary,

Ms Katy Haire, Deputy Secretary, Early Childhood and School Education Group,

Ms Jenny Atta, Deputy Secretary, Infrastructure and Finance Services Group, and

Mr Chris Keating, Chief Executive Officer, Victorian School Building Authority, Department of Education and Training.

**The CHAIR** — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2018–19 budget estimates.

All mobile telephones should now be turned to silent.

I would like to welcome the Minister for Early Childhood Education, the Honourable Jenny Mikakos, MLC; Ms Gill Callister, Secretary, Department of Education and Training; Ms Katy Haire, Deputy Secretary, Early Childhood and School Education Group; Ms Jenny Atta, Deputy Secretary, Infrastructure and Finance Services Group; and Mr Chris Keating, Chief Executive Officer, Victorian School Building Authority.

Any witness who is called from the gallery during this hearing must clearly state their name, position and relevant department for the record.

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, any PowerPoint presentations and handouts will be placed on the committee's website as soon as possible.

Witness advisers may approach the table during the hearing to provide information to 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 must remain focused only on the persons speaking. Any filming and recording must cease immediately at the completion of the hearing.

I invite the witness to make a very brief opening statement of no more than 5 minutes. This will be followed by questions from the committee.

### **Visual presentation.**

**Ms MIKAKOS** — Thank you very much, Chair, and thank you for the opportunity today to talk about how the Andrews Labor government is ensuring all Victorian children get the best start in life. Victoria is leading the nation when it comes to early years services. We have a maternal and child health service which is the envy of other jurisdictions. We have strong quality ratings for early learning providers, a vibrant early childhood sector and a committed and capable workforce. We want to keep building on this.

I am very proud that this year's budget delivers a \$135.9 million boost to early childhood education. It builds on a \$202.1 million commitment last year to the Education State *Early Childhood Reform Plan*. This plan sets out our long-term vision for the early childhood system in Victoria: to create a system with high-quality services that is equitable for all children and inclusive and welcoming of all. We recognise, including through this standalone portfolio, that building the Education State begins with the early years and that quality early learning is a sound, long-term investment.

This is why we have made record investments in early childhood education services over the past four years. Our government has more than doubled early childhood education investment compared to the previous government. We have also invested a record \$123.6 million over the past four years in kindergarten infrastructure across Victoria. We have more than tripled the state infrastructure investment in comparison to the previous four years, funding an additional 8250 three and four-year-old kindergarten places, and this year's budget delivers \$42.9 million to build, upgrade and equip kindergartens across Victoria. It is the biggest state investment in kinder infrastructure in Victoria's history and will enable thousands more children to attend kindergarten. It will also contribute to the expansion of other early childhood services across the state to meet demand. It includes \$9 million to co-locate new early learning centres on three government primary school

sites, we are also providing an \$8 million funding boost to provide scholarships to attract new teachers to early childhood education. This funding will also support educators who wish to upskill to a teaching qualification.

This budget provides further funding to an exciting new initiative that is an Australian first. We are providing \$58.1 million to kindergartens to help more children reach school developmentally 'on track'. From next year the first stage of the rollout will see kindergartens in 25 local government areas eligible for funding. School readiness funding will allow kindergartens to access evidence-based programs to support the children who need it most. It means services can engage experts such as speech therapists, language and literacy professionals, and child psychologists to help children get the most out of their kindergarten experience.

Also starting next year is a \$17.9 million specialist language program in kindergartens. Contrary to the belief that speaking the home language or learning another language is detrimental to learning English, research shows otherwise. Through this initiative specialist language teachers will deliver language classes in up to 120 kinders and give more than 3000 children the opportunity to learn a language other than English, and another 10 kindergartens will become bilingual. It is the first time in Victoria that kinders will be funded to provide language programs. Learning languages at kindergarten often inspires children to develop an interest in other cultures as well as their own, and it contributes to a child's sense of identity, connection with community and their sense of belonging.

We will continue to provide free or low-cost three-year-old kindergarten to Aboriginal and vulnerable children known to child protection, providing \$4 million to ensure these children reap the benefits of early learning. We will also expand the LOOKOUT program to support access to kindergarten and will ensure children in out-of-home care are ready for school. Another \$4 million will build on the work already done to create a more tailored and culturally sensitive maternal and child health service for Aboriginal families, and there is \$900 000 for early childhood intervention services to ensure children with additional needs who are ineligible for the NDIS do not miss out.

Chair, we want to create a system that makes sure every child is ready for kinder, ready for school and ready for life. So it was disappointing to see that the Federal government has walked away from their commitment to quality and regulation of children's services in their recent Federal budget. Our budget, however, affirms our commitment to Victoria's children and its families. We are working to establish a world-class early childhood education and care system — a system underpinned by quality, equity and inclusiveness so we make a real difference in the lives of Victoria's children. I thank you for the opportunity to present to you today, and I look forward to the committee's questions.

**The CHAIR** — Thank you, Minister. We will have questions now until 3.31 p.m. Minister, I will lead off, if I may. Budget paper 3, page 40, there is a line item in there about building and upgrading kindergartens. We know that population growth is a very real phenomenon; I think Melbourne grew by 147 000 people last year. Can you indicate to the committee or provide us with the information as to what the government is doing in terms of assisting local councils to meet the cost of additional kindergarten from the point of view of capital infrastructure?

**Ms MIKAKOS** — Thank you very much, Chair. Making Victoria the Education State means ensuring every child has access to a high-quality early learning environment. Significant population growth across Victoria is increasing demand for early childhood services across the state, and the Andrews Labor government is doing its part to address this. Major infrastructure grants under the government's Children's Facilities Capital Program help increase early years infrastructure in locations where it is most needed, and minor grants are also available for smaller projects. Since coming to government we have invested a record \$123.6 million into kindergarten capital infrastructure.

This is triple what was invested by the previous government in its budgets. Our investment is estimated to create at least 8250 three and four-year-old kindergarten places. It also includes \$70 million in our first three budgets through the children's facilities capital program, including \$10 million specifically targeted to address early years demand in the high growth areas of Casey, Cardinia, Hume, Melton, Mitchell, Whittlesea and Wyndham. This year's budget delivers a further \$42.9 million in kindergarten capital infrastructure, including \$9 million to build three kindergartens to be co-located on new government school sites at Botanic Ridge Primary School in Casey, Davis Creek Primary School in Wyndham, and the Wyndham South (Riverwalk) primary school in Wyndham. These co-located facilities will support the stable transition from early learning services into primary school and contribute to improved educational and health outcomes for students.

I have to stress that planning for early childhood facilities is a shared responsibility across both state and local governments, and this is also reflected in the early years compact, which is a joint agreement between the Department of Education and Training, the Department of Health and Human Services and the Municipal Association of Victoria. Our government is committed to undertaking stronger place-based governance and planning for early years infrastructure through the early years compact, and we are ensuring that we are developing a greater understanding of demand and capacity for kindergarten at both a local and statewide level. Consultation with local government is vital in validating and testing data, and departmental consultation with growth area councils to discuss planning for kindergartens alongside planning for new schools has already occurred and will continue regularly. An additional consultation with all Victorian councils in collaboration with the Municipal Association of Victoria has also begun.

All children in Victoria have access to a local funded kindergarten place; however, some parents may choose to remain on a waiting list for a preferred service. In cases where a family does struggle we do ensure that my department works with local councils and service providers to identify a suitable place. My department consults with growth councils to discuss planning for kindergartens alongside planning for new schools, and of course we consult with non-growth councils as well. So we are making significant investment in ensuring that children right across Victoria have an opportunity to participate in kindergarten. As a result of the funding that I have outlined, we have had a very significant growth in the number of children participating — if you reference the budget papers — in kindergarten during our time in government.

**The CHAIR** — Just in relation to this investment, how many additional kindergarten places would you anticipate will be created as a consequence of this investment?

**Ms MIKAKOS** — Thank you very much for that further question, Chair. You are referring to our investment in this year's budget as opposed to the past budgets?

**The CHAIR** — Yes, that is right.

**Ms MIKAKOS** — We estimate that the \$43 million funded in the 2018–19 budget will help to create an estimated 2950 additional three and four-year-old kindergarten places.

**The CHAIR** — What would be the split between metropolitan Melbourne and regional Victoria? Have you got any insights in terms of how you expect that will play out?

**Ms MIKAKOS** — Obviously we have three co-located kindergartens being built on the three school sites that I identified earlier. As for the rest of the funding, it will be subject to a funding round which is currently open. From memory the major grants round ends at the end of July and the minor grants, I believe, are closing today but obviously that will be considered by my department in this competitive grants process. It is hard to predict exactly what the split would be across different locations, but what I can say is that in terms of the investment we have had to date over previous funding rounds and previous budgets, we have invested \$24.7 million in 46 infrastructure projects in rural and regional Victoria through the Children's Facilities Capital program since we have been in government. That has included eight integrated children's centres in rural and regional centres which provide a range of services around early childhood education such as maternal and child health services as well as kindergarten programs and, in many cases, early childhood intervention services and other parenting programs as well.

Coming back to your previous question, we anticipate that the \$42.9 million announced in this year's budget may fund approximately 1000 additional kindergarten places in rural and regional areas. So we are making sure that no child misses out, no matter their postcode. I am very proud of the fact that as a government we have provided funding for quality child care and other early years services in our regional communities. By funding these capital projects we have seen regional communities such as Bass Valley, Birchip, Heathcote and Chilton funded to open childcare centres for the first time ever. So these communities are getting locally based childcare services in those communities for the first time as a result of that funding. I know how significant that has been for those local communities, from speaking to local members of Parliament about them, and how important it is for families to have access to early years services, including child care, in their communities as opposed to having to travel some considerable distance to access those services.

**The CHAIR** — Quality has been a really important theme, I think, in terms of the provision of early childhood education going back for the last 10 years. You mentioned in your presentation the national

partnership agreement on the national quality agenda, which is an agreement between the commonwealth and the state governments. If we look at the 17–18 financial year, are you able to provide the committee with advice on any demonstrable gains from a quality perspective in terms of outcomes for early childhood education?

**Ms MIKAKOS** — Chair, look, I am just shocked and appalled that the Federal Turnbull government has chosen to cut all funding to states and territories for the regulation of safety and quality in Australian early childhood services from 1 July. We had absolutely no forewarning that this was going to happen. In fact I was at a meeting with Minister Birmingham just a few days before the federal budget; there was not an inkling that this was coming, and I know that this has been a huge shock to the sector as well. At a time when the federal government is out there spruiking its childcare reforms and spruiking that this is all starting in the new financial year, they have walked away from making any contribution to the safety and quality of childcare services that they fund. This is absolutely astounding. We have had national partnership agreements since 2009, with the states, territories and commonwealth being in partnership to drive up quality. As a result we have seen improved quality in our services here in Victoria. We are very proud of that here in Victoria, but I am very concerned about them walking away.

**The CHAIR** — Minister, if you can provide any additional information on notice to the committee on that particular point, I would be most grateful.

**Ms MIKAKOS** — I am very happy to. Thank you, Chair.

**Mr T. SMITH** — Pages 73 and 85 of budget paper 3, in relation to childhood immunisation, Minister: childcare services will require an immunisation history statement for enrolment, with exemptions for some categories of children. How many children were exempt in 2017 from the no job, no play policy?

**Ms MIKAKOS** — Thank you for that question. There is actually no exemption at all from the policy, so the premise of your question is actually factually incorrect. I think what you might be getting at is around the grace period. There is a grace period for some disadvantaged children who have a longer period for their families to get those children up-to-date with their vaccinations, but there is no exemption as such. We have driven up immunisation rates in this state.

**Mr T. SMITH** — So there is no exemption whatsoever? That is mandatory?

**Ms MIKAKOS** — In fact 95.2 per cent of five-year-olds are now fully immunised in Victoria, and immunisation rates have increased from 93.7 per cent prior to the introduction of our no job, no play legislation to 95.2 per cent of five-year-olds fully immunised in the last quarter of 2017. That is the third highest immunisation coverage rate for fully immunised five-year-olds, behind the smaller states of Tasmania and the ACT.

**Mr T. SMITH** — So, Minister, there is no medical or any other exemption in Victoria to attend early years services under your policy?

**Ms MIKAKOS** — Look, to be clear about this, there is an ability for parents to have a longer period — there is a grace period for disadvantaged children to get up-to-date with their immunisation. There is also an ability for children who have a medical contraindication to seek certification around that and documentation around that. We did put in recent amendments to the legislation, which came into effect on 28 February of this year to tighten these issues. These issues have been very well canvassed during the course of the debate of that legislation, and this tightened the requirements by making the immunisation history statement from the Australian Immunisation Register the only evidence accepted for the purpose of enrolling in an early childhood education and care service in Victoria. Previously, just so I am clear, documents from GPs were accepted as proof of a medical contraindication, and we have completely tightened that process.

**Mr T. SMITH** — How many children are in the grace period?

**Ms MIKAKOS** — Again, I recall that all of these figures were canvassed at some length in the course of the debate. Data from 2017 indicates that less than 1 per cent of total kindergarten enrolments were enrolled under the grace period. I remember talking about this in the committee stage at some length.

**Mr T. SMITH** — Funnily enough, Minister, I was not there, so how about you just answer the question, please, without the commentary?

**Ms MIKAKOS** — Well, we are just going over old ground, is the point that I am making, Mr Smith.

**Mr T. SMITH** — Do not provide gratuitous commentary, Minister. Just answer the question.

**Ms MIKAKOS** — If I could just add further, in April 2017 we had a total of 1050 children enrolled under the grace period. At the time of the next data collection in August 2017 there was a total of 505 children that were enrolled under the grace period. So that indicates that there was a positive impact of the grace period on immunisation uptake by these disadvantaged families. In fact it was about half the number. They are afforded an opportunity to get up-to-date, because we do not want disadvantaged kids missing out.

**Mr T. SMITH** — Secretary, you confirmed at the most recent PAEC hearings that childhood educators are not required to be vaccinated. Is that still the case?

**Ms CALLISTER** — Yes, that is still the case, Mr Smith. We obviously, like a number of other professions, particularly in health, strongly encourage all of our staff to be immunised and have flu vaccinations and all those sorts of things, and there is lots of availability of that for them. But we do not mandate immunisation.

**Ms MIKAKOS** — Can I just make the point: you said ‘your staff’. They are not the secretary’s staff. They are not employed by the Department of Education and Training. They are run by community-based or for-profit kindergarten and childcare services.

**Mr T. SMITH** — Thank you, Minister. Have you undertaken an audit of how many educators have been fully vaccinated for the protection of childhood diseases?

**The CHAIR** — Who is your question directed to, Mr Smith? Is that to the secretary?

**Mr T. SMITH** — To the secretary.

**Ms CALLISTER** — Mr Smith, as the minister rightly points out, they are not our staff to audit. They are staff employed in the private sector, in the not-for-profit sector and in the local government sector.

**Mr T. SMITH** — I am aware of all that.

**Ms CALLISTER** — It would not be usual for us to audit staff that we do not employ.

**Mr T. SMITH** — Yes, I appreciate that, but this is an issue of public health with regard to the —

**Members interjecting.**

**Ms MIKAKOS** — That is why, Mr Smith, we are providing free flu vaccinations to children under five years of age.

**Mr T. SMITH** — You are making the kids be immunised, which I completely support, but what about the educators?

**Members interjecting.**

**Ms MIKAKOS** — This is why we have provided no jab, no play. That is driving up immunisation. No jab, no play has been proven to be driving up immunisation. We are providing free vaccinations to children under five for the flu.

**Mr T. SMITH** — We completely support the policy, Minister.

**Ms MIKAKOS** — Whooping cough — we have provided free vaccinations for young children.

**Mr T. SMITH** — We are asking about educators and what steps you have taken to make sure all educators are also immunised.

**Ms CALLISTER** — As the minister says, we provide a whole range of relevant vaccinations free for staff. They are provided generally through health and public health. We work closely with the chief medical officer in the Department of Health and take advice from them. We have our own expert health practitioner who works

with local government and not-for-profit services, so we take all our advice from Health on these things. Both ourselves and the Department of Health and Human Services — and we take our advice from them — we encourage people to be immunised against whooping cough, measles, mumps, rubella, chickenpox, seasonal —

**Mr T. SMITH** — We have only got 2 minutes left, Ms Callister. I have just got a question I need to ask with regard to enrolments and the enrolment rate. The enrolment rate, according to the ABS data — 92 204 are enrolled, yet 73 920 have attended. You are saying in the budget — this is BP3, page 173 — that the participation rate is 96 per cent. So there is a bit of a quandary with regard to the figures here — if you could explain that disparity.

**Ms MIKAKOS** — I am not quite sure, Mr Smith, where you are quoting attendance figures from, but the budget papers —

**Mr T. SMITH** — So the ABS — and I am happy to table this — Victoria, 2017: it shows that 92 204 children were enrolled but only 73 920 have attended.

**Ms WARD** — Enrolled in what? An immunisation program? In —

**Mr T. SMITH** — In preschool.

**Ms MIKAKOS** — Thank you for your question. If you look at the budget papers, we have actually seen an increase in the number of children enrolled in state-funded kindergarten programs. So it was 73 776 in 2014; in 2017 it was 78 970 — so about 5000 additional kids in our time of government have actually been able to participate in that quality early learning experience. In relation —

**The CHAIR** — Order! Ms Pennicuik until 3.45 p.m.

**Ms MIKAKOS** — I am happy to provide you with further advice on the specific issue around that.

**Mr T. SMITH** — If you could, that would be appreciated.

**Ms PENNICUIK** — Thank you, Minister. If we could go back to ‘Build and upgrade early learning facilities’ on pages 40 to 41 of budget paper 3, there is the \$10.5 million for this financial year and I think \$34 million going out in the forward estimates. There is the \$42.9 million, which you mentioned in your slides, which is about upgrading facilities and a number of other things. If you look at budget paper 4, ‘State Capital Program’, pages 33 to 43, I can locate two early learning facilities both getting \$3 million each, and you mentioned in your slides and I think in your response to the Chair three integrated facilities in schools. I am just trying to unpack how all these figures actually fit together. Is that \$10 million the two early learning facilities and the three school integrated facilities? And then what is the extra of the 42.9? It seems to range across a range of different things.

**Ms MIKAKOS** — Thank you, Ms Pennicuik, for that question. Of the \$42.9 million, \$9 million of that relates to three co-located kindergartens or early learning centres that will be built on three government school sites, and I identified which ones they are.

**Ms PENNICUIK** — You did.

**Ms MIKAKOS** — That is in budget paper 4, and they are specifically named. I mentioned them earlier: Botanic Ridge primary, Davis Creek primary and Wyndham South (Riverwalk) primary. The rest of that funding will be subject to a competitive grants round process, and I indicated earlier that is currently open at the moment.

**Ms PENNICUIK** — Sorry, which funding?

**Ms MIKAKOS** — This is for the balance, effectively the balance.

**Ms PENNICUIK** — What is the balance? So is the balance that \$1.3 million?

**Ms MIKAKOS** — That is 42.9 minus 9.

**Ms PENNICUIK** — So all of the 42.9 minus the 9 is for?

**Ms MIKAKOS** — It is all for early years infrastructure.

**Ms PENNICUIK** — Infrastructure? But it says additional places, childhood services.

**Ms MIKAKOS** — Yes, Ms Pennicuik, it will create additional places, and in fact how the criteria is structured is that we prioritise applications and projects that will actually create additional kindergarten places, because we want to ensure that we are growing the capacity of the system to deal with population growth.

**Ms PENNICUIK** — So it is confusing when you actually see something which is really a capital expenditure under the output facility.

**Ms MIKAKOS** — I might ask Mr Keating to explain a little bit further perhaps in relation to that allocation.

**Ms PENNICUIK** — Well, very briefly, thanks, Mr Keating, because I think I will have not much time to go.

**Mr KEATING** — The difference is the grants program — they are operating in nature. They are grants provided to councils and other providers, so we show them as an operating expense, whereas the kinders that we will build on school sites will become assets, so they are recognised as a capital expenditure. So they are in two different parts of the budget papers.

**Ms MIKAKOS** — Because we do not own the vast majority of the kinders across Victoria, nor do we employ the staff.

**Ms PENNICUIK** — No, and that is a great segue into my next question, thank you, Minister, which is about particularly the local government-run childcare centres. Many local governments, as you are probably aware, are reducing their involvement in this issue, selling off assets and leaving child care to the private sector or not-for-profit sector in some cases. What is the government doing to assist or prevent the closure of those local government facilities by providing funding for extra places and facilities?

**Ms MIKAKOS** — Thank you. So earlier I described the early years compact that we signed as a government last year as part of our early years reform plan, and that was a joint agreement between the Department of Education and Training, the Department of Health and Human Services and the Municipal Association of Victoria on behalf of local councils, and it was reaffirming I guess the shared responsibility that we have across state and local government to plan for early childhood facilities. We are providing a lot more assistance to councils through the grants and the funding that we are providing for infrastructure, and that is a very strong collaboration that we have between our levels of government, but ultimately it is for each council to make its own decision about the services that they provide.

**Ms PENNICUIK** — Thank you, Minister. Sorry, it is just 15 seconds left. So in terms of that compact, has it resulted in preventing the closure of some of those facilities?

**The CHAIR** — Order! I would like to thank the witnesses for their attendance: the Minister for Early Childhood Education, Ms Callister, Ms Haire, Ms Atta and Mr Keating.

**Ms MIKAKOS** — It has resulted in a stronger commitment from all levels of government.

**Ms PENNICUIK** — Any more information you can provide would be great.

**Ms MIKAKOS** — I am happy to do that.

**The CHAIR** — The committee will follow up on any questions taken on notice in writing. The written responses should be provided in within 10 business days of that request.

**Committee adjourned.**