

# VERIFIED VERSION

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2014–15

Melbourne — 21 May 2014

#### Members

Mr N. Angus

Ms J. Garrett

Mr D. Morris

Mr D. R. J. O'Brien

Mr C. Ondarchie

Mr M. Pakula

Mr R. Scott

Chair: Mr D. Morris

Deputy Chair: Mr M. Pakula

#### Staff

Executive Officer: Ms V. Cheong

#### Witnesses

Ms W. Lovell, Minister for Children and Early Childhood Development,

Mr R. Bolt, Secretary,

Dr S. Sharp, Deputy Secretary, Early Childhood and School Education Group,

Mr J. Miles, Deputy Secretary, Infrastructure and Finance Group, and

Ms S. McDonald, Executive Director, Policy and Strategic Projects, Department of Education and Early Childhood Development.

**Necessary corrections to be notified to  
executive officer of committee**

**The CHAIR** — I declare open the hearing for the children and early childhood development portfolio, hearing 35 of the 2014 estimates. I welcome the Honourable Wendy Lovell and, from the Department of Education and Early Childhood Development, the Secretary, Mr Bolt; the Deputy Secretary, Infrastructure and Finance Group, Mr Jim Miles; the Deputy Secretary, Early Childhood and School Education Group, Dr Sonia Sharp; and the Executive Director, Policy and Strategic Projects, Ms Susan McDonald. I believe there are some other potential witnesses in the gallery as well.

In accordance with the guidelines for public hearings, I remind members of the public gallery that they cannot participate in any way in the committee's proceedings. Departmental officers may approach the table during the hearing to provide information to the minister or other witnesses if requested, by leave of myself. Written communication to witnesses can only be provided via officers of the PAEC secretariat. Members of the media are requested to observe the guidelines for filming and recording proceedings in the Legislative Council committee room.

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 are not protected by parliamentary privilege, including any comments made on social media from the hearing itself. The committee does not require witnesses to be sworn, but I remind you all that questions must be answered in full and with accuracy and truthfulness. Any person 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 fact verification within two working days of this hearing. The PowerPoint presentation, if any, will be placed on the committee's website as soon as it becomes available, and verified transcripts will be placed on the website within five days of their receipt.

Following a presentation by the minister, committee members will ask questions relating to the inquiry. Generally the procedure followed will be that relating to questions in the Legislative Assembly. Sessional orders provide a time limit for answers to questions without notice of 4 minutes, while standing orders do not permit supplementary questions. It is my intention to exercise discretion in both of those matters; however, I do request that each question is answered as succinctly as possible, recognising that these are often matters of some complexity.

I ask that all mobile telephones be turned off or to silent.

The minister now has an opportunity for a brief presentation of no more than 5 minutes on the budget estimates for the children and early childhood development portfolio. Welcome, Minister.

#### **Overheads shown.**

**Ms LOVELL** — Thank you, Chair, and it is great to be back here to present the 2014–15 budget for children and early childhood development. Victoria already leads the nation in early childhood and care, but we can and we should strive for better results for all Victorian children. That is why in March this year we launched the Victorian Early Years Strategic Plan. The Early Years Strategic Plan builds on the current strengths of the system and will make Victoria an even better place for families to raise their children.

The plan focuses on three key areas. The first of those is supporting parents and communities to give children a better start, and this includes working with local governments to build on and strengthen local planning approaches and growing parent and community capacity to support children's development. The second area is early and sustained support for those who need it most, and this includes providing access to high-quality early childhood services for vulnerable children through sustained service pathways and implementing a strategy to improve learning and development outcomes for Aboriginal Victorians. The third is ensuring that all children benefit from high-quality learning, and this includes boosting the ability of universal services to support language and literacy development.

Victoria's Early Years Strategic Plan was developed following an extensive consultation and highlights Victoria's shared vision for a system that better connects families with services, provides the right support early on for vulnerable families and focuses on learning as much as health and care for every child, from day one.

The 2014–15 budget provides \$32 million for children and early childhood, including \$8.4 million for the Early Years Strategic Plan. That is additional funding in this year’s budget.

The Early Years Strategic Plan funding will provide \$1.2 million for the Every Toddler Talking trial, which brings teachers and speech pathologists together to help toddlers speak, listen and be understood. There is \$3.2 million for trials and improvements to maternal and child health and kindergarten programs to improve access to key services for vulnerable families. In addition, \$4 million announced alongside the plan will ensure that Victoria’s early years workforce continues to develop the skills necessary to provide high-quality early learning programs. Grants of up to \$1.6 million for new integrated children’s services hubs, grants of up to \$650 000 for new early learning centres, grants of up to \$350 000 for extension and refurbishment of existing facilities and grants of up to \$10 000 for minor capital grants for small projects will be made available through the Children’s Facilities Capital program and the \$15 million that is included in the budget.

The 2014–15 budget also provides for \$1.2 million for the early childhood intervention service improvement project to provide timely and effective support for children with disabilities or a developmental delay. There is \$3.8 million for the early years workforce to ensure children have access to high-quality early learning programs and \$2.1 million for the maternal and child health quality improvement reform to modernise the maternal and child health service and improve support for vulnerable children. There is also \$1.5 million for demonstration projects to streamline access to early childhood services for vulnerable children and this complements investment through budgets over the past three years.

Since coming to government the coalition has increased the early childhood budget by 31 per cent to \$522.5 million. We have delivered output investment of \$283 million under early childhood budgets delivered by this government, including more than \$120 million for children’s facilities capital grants, which is a record investment in early childhood infrastructure; and \$43.6 million for early childhood intervention services, including 1150 additional places and 150 flexible support places and also the ECIS improvement project. There has been \$84.9 million in additional funding for maternal and child health services and more than \$36 million in initiatives and programs for the early childhood workforce.

The effect of this increase in investment is that children in Victoria have the best possible start in life and progress to date includes the early childhood intervention service waiting list reaching a record low this year; more licensed early childhood services than Victoria has ever seen before; an increase to 70 per cent of Victoria’s 1249 long-day care centres offering kindergarten with a qualified teacher, up from 41 per cent in 2010. One hundred per cent of newborns are visited by a maternal and child health nurse and our kindergarten participation rate is at a record high of 98.2 per cent. It is important to note that this progress has also been made, despite an increase in births to 77 194 in 2012–13, up from 70 500 when the government was elected.

Moving forward, our focus will continue to be on the improvement of service delivery within the early childhood development portfolio and the results of the early childhood intervention services improvement project, the maternal and child health services reform and the vulnerable children support and demonstration project will inform our policy directions over the coming years. This government is committed to providing the best possible start in life to our youngest Victorians, and we will continue to drive reforms, improve service delivery and maintain targeted investment.

**The CHAIR** — Thank you. Minister, could you outline to the committee the budget initiatives in your portfolio which will strengthen Victorian communities both in the coming year and over the forward estimates period?

**Ms LOVELL** — It is great to be able to outline how we are providing better services in early childhood. Victoria is committed to supporting and strengthening local communities right across the state. Our early childhood services, such as maternal and child health, kinders and playgroups, programs that support local communities and access to services, are critical to the learning and development of our young children. These services also bring families together and provide a focal point for community activity and parent support. Over the past three years the government has invested heavily in these services — as I said in my presentation, over \$120 million in capital grants since 2011–12. This includes \$15 million in this year’s state budget. This has supported so far 316 early childhood projects. There are 32 new integrated services in this state; 32 brand-new early learning centres; 165 centres have benefited from upgrades and extensions; and 87 services have benefited

from small capital grants, and there is still another grant round to go. More than 316 services will have benefited under this government.

Maternal and child health is a critical service for local communities, and our maternal and child health system is envied around the world. We have put record funding into maternal and child health with an additional \$84.9 million since 2010. We are working with local government to build even more integrated and responsive maternal and child health services in this state. An example of this is \$1.5 million in this year's state budget to develop and test team-based practices that streamline and better coordinate early childhood services for vulnerable children in local communities in the Whittlesea, Yarra Ranges and Latrobe local government areas.

Playgroups are also an important part of our strategy of engaging with families and building capacity within families. We have invested \$1.2 million in the rural playgroup initiative. This is an initiative that is running in Ballarat, East Gippsland and in the Wimmera-Mallee. It will improve the reach and quality of rural playgroups and strengthen their place in local networks alongside maternal and child health and other early childhood support services. This builds on an increase in ongoing funding to support playgroups across 30 LGAs that we announced in the 2012–13 state budget.

We are committed to building a better Victoria. We are committed to making Victoria a better place to raise families. I believe our initiatives through our budget have assisted, particularly vulnerable families in Victoria.

**Mr PAKULA** — Minister, budget paper 3, page 87 outlines that the 2014–15 budget for early childhood development is \$522.5 million. Can you provide the committee with the detailed breakdown of funding across each program and service in your portfolio area and indicate the break-up between state and federal funding for each of them out of that 522.5?

**Ms LOVELL** — We do not have a breakdown of state and federal funding with us, but what I can give you is the percentage of our budget broken down by program area. Forty-eight per cent of the budget this year is devoted to kindergarten programs; 11 per cent is for universal access for early childhood education through the national partnership; 14 per cent is for early childhood intervention services; 9 per cent is for maternal and child health services; 3 per cent is for enhanced maternal and child health; 4 per cent is for kindergarten inclusion support services; 6 per cent is for corporate expenditure; 3 per cent is for programs of less than \$2 million; and 3 per cent is for other things we fund through our program area.

**Mr PAKULA** — Minister, I would be grateful if you could take the federal-state breakdown on notice. As a follow-up, I note that last year's budget was 543 and the revised was 531.9, and you have a variation there of negative 3.8 per cent for the budget in 2014–15. Can you indicate which programs are going to have a reduction in funding or be cut as a consequence of that negative 3.8 per cent variation in the budget?

**Ms LOVELL** — The main reason for a small reduction in our budget this year is that we do not have confirmation from the federal government of the funding for the national partnership on universal access to 15 hours of kindergarten post-December. That still needs to be clarified with the federal government following the review being completed midyear. It then could possibly change our budget. I think our budget changed last year as well because at the point that our state budget was handed down there had not been the 18-month extension finalised.

**Mr PAKULA** — So nothing else is being cut in the 3.8?

**Ms LOVELL** — No, there are no cuts.

**Mr ANGUS** — Minister, I want to ask you about the children's facilities capital program. That is referred to in budget paper 3, page 8 — the \$15 million item there — and you also touched on it in one of your slides. Can you tell the committee what benefits this \$15 million funding for the children's facilities capital program will provide?

**Ms LOVELL** — Thanks, Neil, for your question. I know that your electorate has been the recipient of some of our grants, and I know that services in your area have been particularly grateful for those grants that they have received.

We have another \$15 million in the budget this year to build and upgrade children's centres and kindergartens around the state. This will support the construction of new early years facilities and integrated children's centres. It will also support the extension and upgrade of current facilities and allow for some small project grants again this year. Through our grants program, what is invested through the state actually leverages from local government and also from community groups, so for every \$1 that we invest there is actually a \$2.60 return to the community through further investment by local government and community organisations.

What our grants do is that at the moment they are responding to increase in demand for places in growth areas and also in areas of high need, but they are also allowing for many of our older kindergartens that were built way back in the 50s to be upgraded and modernised so that the children have more modern facilities that are really great for them to work in and to learn in. They are also helping local government to keep pace with infrastructure demand.

We want to support quality service provision throughout the state for early childhood because early childhood is vital to a child's start in their education. By modernising facilities, children have better learning surroundings. But it also enhances the delivery of the learning programs to have modern facilities. In some of the kindergartens you see they have put in kitchens that actually have viewing platforms so they can have interactive sessions with the children and things, so there are some really great initiatives that are happening in these modern facilities. The co-location of facilities with schools, with maternal and child health, with other early childhood services and with long day care centres also provides better outcomes for families and also better transitions for children as they move from kindergarten to primary school. Our grants program also contributes to local jobs through construction, as most local governments or committees of management choose local builders to do these extensions and to build the centres, so it has been a great boost for many local communities in the way of jobs.

Funding since 2011–12 has been distributed right across the state. It is a competitive grants process, so it is dependent on a service applying for a grant, but we have seen grants go to all areas of the state. There have been particularly grants in growth areas, in growth corridors, where there is increased demand for infrastructure, but there have been facilities also upgraded in some of our smallest towns.

Some of the grants that I am really excited about are actually to some of our smallest councils, including the Towong shire and the Buloke shire. They are not very wealthy shires. In fact, I was meeting with Towong last week, and their CEO told me that if they put their rates up by 1 per cent it only generates another \$50 000 in revenue, so they are pretty cash strapped up there in Towong. They are building a children's centre in Tallangatta that is a \$2.6 million investment in that town. This is a really exciting project. In fact, it is the largest project that this shire has ever undertaken, other than construction of roads and bridges. They are very excited about it, the people of Tallangatta are very excited about it and I know Bill Tilley and I and Amanda Millar and Damian Drum are also very excited about that facility in that particular area.

The \$15 million that we put into this year's budget brings it to more than \$120 million that we have invested since 2010. This has benefited so far, as I outlined before, 316 projects, with 32 new integrated centres having been built, 32 new early learning centres being built, 165 upgrades and 87 small grants. We still have a grant round to go, and we look forward to receiving applications for that round.

**Mr SCOTT** — Minister, I would again refer you to page 87 of budget paper 3 and the funding output for early childhood development. I want to seek clarification, if I can, around funding for kindergarten hours. There is correspondence that I have which was sent to kindergarten service providers from you talking about the number of hours. I would just like to seek clarification as to whether the state government is funding 10 hours of kindergarten next year or 10.75 hours of kindergarten, as currently is the case?

**Ms LOVELL** — I would need to correct you first on the 10.75 hours; it is not currently the case that the state funds 10.75 hours. The state has always funded 10 hours, and we are committed to continuing to fund 10 hours of kindergarten. The 0.75 hours was the first step towards universal access of 15 hours of kindergarten programs, and it has always since it was initiated — and it was actually put in place by the former minister — been funded through the national partnership funding, so it has always been federally funded.

**Mr SCOTT** — By way of supplementary, I understand that you have both in correspondence and recently in the house made commentary around the commonwealth funding, and I note in previous estimates you have

certainly at times when funding has not been assured made free commentary on the qualities of the commonwealth government.

**Mr ONDARCHIE** — Is there a question in the offing?

**Mr SCOTT** — I will get to the question. Is there certainty on this funding from 2015 and beyond, and if there is not, have you prepared information to give kindergartens on what the consequences on communities would be for the failure of that funding to occur?

**Ms LOVELL** — Certainly there is certainty over the state funding going forward. In fact there is greater certainty over state funding than ever before, because one of the things that this government did was introduce enrolment-based funding for kindergartens, which means there is a funded place for every child. Under the previous government there was not a guaranteed funded place for every child. A child had to enrol in kindergarten, there were a certain amount of places and, if we filled all of those places, the minister had to go back to the Expenditure Review Committee and beg for more money to extend the number of kindergarten places if there were more four-year-olds than there was funding for. We have given greater certainty over kindergarten funding, and there is absolute certainty over the state's portion of the funding for kindergarten programs next year.

But we should go back and look at what has happened with the national partnership money. The national partnership was signed up to in 2008. It was signed by John Brumby and Kevin Rudd, and as part of that national partnership, which ran for five years and expired in 2013, on page 3 it has a line that says:

Funding for universal access will be provided through a national agreement after 2012–13.

This is the agreement that was signed by the two former Labor governments. Unfortunately, when we got to the expiration of that national partnership, the former Labor federal government reneged on the agreement that they had signed up to and did not offer an ongoing national agreement.

**Members interjecting.**

**The CHAIR** — Order! The minister has the call.

**Ms LOVELL** — They reneged on the agreement they had signed and did not offer — —

**Members interjecting.**

**The CHAIR** — Mr Scott, you have asked your supplementary question, and the minister is now answering it.

**Ms LOVELL** — The former federal government reneged on the agreement they had signed and did not offer an ongoing national agreement for the funding of universal access to 15 hours of kindergarten. Instead they offered a three-year declining funding offer, and all the states and territories rejected that offer because we knew the birth rate for the children that would be in kindergarten in those years had already increased. It had not declined.

There was then an interim deal done. It was an 18-month, fully funded national partnership, subject to a review. This is a review that was put in place by the former Labor government, and the time line for that review is that it is to be completed mid this year. It has always been clear from this federal government that they would not make a decision on funding until that review was completed, so we are waiting for the results of the review. We are still hopeful there will be further funding. The federal budget actually has a contingency line in it for further funding, and until we know the results of the review we would be only be speculating to say what might happen next year.

**Mr O'BRIEN** — Minister, I would like to refer you to the ECIS and the \$1.2 million funding in the budget for the early childhood intervention service improvement project. I know that there are a lot of people here who are familiar with this important service, otherwise known as the ECIS, and I ask: can you tell us what outcomes are expected from the ECIS improvement project and how this project will deliver improvements to the ECIS program?

**Ms LOVELL** — Thank you for your question. The early years are a foundation for a child's learning and development, so it is really vital that children with a disability or developmental delay are given the best chance to reach their full potential. Quality ECIS services are really important. Through an ECIS place, a child is able to access a multidisciplinary team of professionals who work through a key worker model to implement a program of support for the child and their family to improve the child's outcomes. A range of improvements to the program have been identified, and these include consolidating service delivery, bringing in a consistency in practice and improving service quality and the flow of information to inform local and strategic decision making. The ECIS improvement project will deliver on these identified areas. We have allocated \$1.2 million over two years to support this project.

The project aims to streamline and improve service delivery for Victorian children with a disability or developmental delay. Through the ECIS reform project, our department will progress improvements in services to support children with a disability or developmental delay and their families. We will deliver improvements through a review of the flexible support packages program guidelines to improve and increase quality and consistency of services that are offered across the state. We will also review the ECIS intake guidelines to ensure consistency of response to families, in particular at the intake point. We are also going to develop an evidence-based practice resource for ECIS providers to align programs with the current evidence base and better support Victorian children with a disability or developmental delay and their families.

There will be a one-off professional grant for ECIS providers to purchase targeted professional development and learning activities, and there is also funding for ECIA Victoria to provide a suite of professional learning and support to ECIS place service providers. We will be working closely with ECIA Victoria to progress the key ECIS improvements and to ensure the sector is informed about changes and is involved in the reshaping of service delivery to better support Victorian children with a disability or developmental delay. The Victorian government is committed to helping children and their families access ECIS services, and it has funded an additional 1150 ECIS places and 150 additional flexible support packages since 2010.

The \$1.2 million that we have invested in this budget means we have invested a total of \$43.6 million in ECIS programs since 2010. This investment has resulted in the ECIS waiting list being at a record low this year. It is at its lowest point since records have been kept on the ECIS waiting list.

**Ms GARRETT** — I also refer to the loss of federal funding under the national partnership agreement and to your answer in question time recently when you refused to say how many jobs will be lost as a result of this change to federal funding arrangements. As you will also be intimately aware, kindergartens are planning their budgets and staffing arrangements for the coming year. Given that the federal budget has now been handed down and that you are no doubt in detailed conversations with your federal counterparts about this issue, and particularly given the review will soon be drawing to a close in the shadow of a budget that is characterised by extraordinary cuts, have you or your department done — or have you asked the department to do — modelling of how many jobs are at risk in Victoria's kindergartens?

**Ms LOVELL** — Thank you, and I will correct you again. You refer to the loss of federal funding. At this stage we are not aware of the forthcoming federal funding, but there is a contingency amount in the federal budget, so I think it is getting a bit ahead of yourself to talk about a loss of funding.

We have been gearing up in Victoria by training additional early childhood educators, because we have a shortage of early childhood educators in Victoria. My department is always working on the modelling of numbers to make sure there is an adequate number of educators going forward, particularly with the implementation of the national quality framework, which requires additional educators and which has new ratios included in it. The department is always looking at all scenarios. We have considered what will happen next year, because if there is not ongoing federal funding we might need to have a lower provision of kindergarten hours. As you know, there are several national partnerships which are up for review this year, and they are worth hundreds of millions of dollars in recurrent funding to the state budget. The state budget will not have the capacity to pick up all of those national partnerships and cover any loss of federal funding. The department is modelling the needs we have in Victoria, but we still believe in the longer term we need more educators. In 2016 the introduction of new ratios for four-year-old kindergarten will change the ratio of educators required from 1 to 15 to 1 to 11, so there is going to be a need for more educators, not less.

**Ms GARRETT** — So you are guaranteeing to this committee that despite potential loss of federal funding there will not be a subsequent loss of jobs in the kindergarten sector?

**Ms LOVELL** — You are putting to me a hypothetical situation and I am not about to deal in hypotheticals. We are waiting for the results of the review from the federal government, and when we know the result of any federal funding coming forward, we can then plan for next year.

**Mr ONDARCHIE** — Minister, could we get the last slide up? That is only because I like the picture of the three kids together.

**Ms LOVELL** — The picture of the kids — beautiful, isn't it?

**Mr ONDARCHIE** — I want to ask you about kinder participation. As I ask you that question, I note the many new kindergartens that you have instigated in my electorate alone since coming to office in 2010. Places like Mill Park, South Morang, Mernda, Northcote, Lalor, and on and on, in northern metro, have gained new kindergartens under your stewardship. I refer you to budget paper 3, page 90, and I want to talk about kinder participation rates. I note in 2012–13 the actual participation rate is 97.9 per cent. In 13–14 it is expected to rise to 98.2. Can you tell us about programs being offered to engage and support families to access kindergarten and also to maintain attendance?

**Ms LOVELL** — Absolutely. Thank you very much for your question. I note that you are known as the Kinder King in your electorate, because of the amount of kindergarten funding that you have announced throughout the electorate. I know that every time you have visited a kindergarten in the electorate with a cheque, you have been received very well.

**Mr ONDARCHIE** — Families love it.

**Ms LOVELL** — Yes. In 2013 our kindergarten participation rate has reached 98.2 per cent, which is something we are very proud of. This is the highest participation rate in kindergartens on record in Victoria, and it is something that we should all be very pleased about. The Victorian government works hard, through our department, to provide a range of programs to engage with and support families, to help them access kindergartens and to maintain the attendance of children at kindergarten. This support includes the kindergarten fee subsidy, which allows eligible children to access kindergarten the year before school, either free or at very low cost. The kindergarten fee subsidy is available to children who are identified as being Aboriginal or Torres Strait Islander; children known to child protection services; families who have triplets or more; children of refugees; and where a child or its parent holds a concession card. This year the subsidy has also been extended to families who received a DHS support grant during the recent bushfires and the families in Morwell who experienced the fire in the open cut mine. We did the same thing in 2011 with the families who were victims of the floods in northern Victoria. The families who received a DHS support grant also received a kindergarten fee subsidy to relieve the pressure on those families during a period when they experienced considerable disruption.

We also fund Koori preschool assistants, who support Aboriginal children and their families in accessing and participating in kindergarten. These assistants also provide advice and practical support to kindergartens to assist them to deliver programs which are respectful of cultural beliefs and practices of Koori children. I believe that in the kindergartens where we actually have Koori children attending, the Koori preschool assistants giving that assistance to the service also benefits the other children in the service because other children become very aware of Koori culture, and that helps with reconciliation in this state. The younger that we can get to our children and teach them respect of other cultures, the more accepting they will be.

We also fund kindergarten inclusion support packages; this is the KISS program. They allow kindergarten staff to support the participation of children with disabilities and high support needs and those children who have complex medical needs to participate in a kindergarten program.

There is the Preschool Field Officer Program, which provides support to kindergarten educators to increase the participation of children with additional needs as well.

There is the Early Start Kindergarten program. This ensures that vulnerable children and Aboriginal and Torres Strait Islander children have access to two years of free and quality early learning education prior to school.



In addition to that, we also have the Access to Early Learning, which is a service model to better engage vulnerable children and their families in universal childhood education. This model uses workers who engage with the families and link with services in order to arrange the child's participation in preschool.

The department works closely with local governments, service providers, kinder cluster managers and other stakeholders to address enrolment and attendance issues where participation is lower than expected. If we have a local government area where we do not have high participation, we will work with that area to try to increase the participation in kindergarten there. Our high participation rate can be attributed to these programs that we have in place. It is also a reflection on the high quality of services that we have available in Victoria. Certainly we know that the Victorian community greatly values our kindergarten programs. The kindergarten participation rate, at 98.2 per cent, is actually a 3.1 per cent increase in participation over this term of government.

**Mr PAKULA** — I just want to interrogate something you said to the committee today because members of the opposition are a bit confused, and I have to say surprised, by something you said. It has been clearly our understanding from our conversation with the sector that the sector's understanding, after dialogue with your department, was that in relation to the national partnership agreement there was an original state contribution of 10 and then the state put in an extra 0.75 as its contribution to the national partnership agreement and that the feds made up the balance of the 15, being 4.25. Today you have told the committee, 'No, that's not the case. The state's contribution is and has always been 10'. I assume what you are saying from that is that the feds are putting in the other 5?

**Ms LOVELL** — 0.75. The 5, now, yes. But the 0.75 at that time.

**Mr PAKULA** — Can you just clarify for the committee: is it 10 state and 5 federal or 10.75 state and 4.25 federal? Because if it is 10 and 5, that is clearly different to my understanding of what the sector believes the situation to be.

**Ms LOVELL** — It is 10 hours funded by the state and 5 hours funded by the federal government. The state has always funded 10-hour programs in Victoria. In 2011 we moved to 10.75-hour programs as a first step towards the 15-hour programs. That 0.75 hour was funded out of federal national partnership money. If you are confused about it, I suggest that you go back and ask John Lenders and Maxine Morand, because this was done during your term in government. In fact they changed it in 2010. I have a page here from the 2009 annual report on achieving universal access; it is the state's report to the federal government. It says that from January 2011 the service providers must offer a minimum of 10 hours and 45 minutes per week. The state only reports these things to the federal government because they are using federal money to achieve that.

**Mr PAKULA** — That is great, Minister. I was not asking about 2011; I was asking about 2014 — the situation today. So, frankly, going back and checking what the situation was — —

#### **Members interjecting.**

**Mr PAKULA** — Go and talk to the sector. Minister, given that you have already talked about the modelling that your department has been undertaking with regard to the likely reduction in federal funding under the national partnership agreement, are you able to give kindergarten parents any information about what it might mean for kinder fees if they want to retain 15 hours of kinder education, if this federal money comes out as is expected?

**Ms LOVELL** — What I can tell you, Martin, is that the state has already committed to what we will fund kindergartens in 2015 as our share of the national partnership, and if there is no national partnership, it will be our funding. We have committed to fully fund our 10 hours of kindergarten. In fact we have increased the state funding; the state funding will increase on 1 July this year from \$2061 for the 10-hour contribution to \$2112. The state funding has increased every year, year on year, and we will continue to fund our fair share of the kindergarten programs.

**Mr ANGUS** — Minister, I refer you to budget paper 3, page 8, the Early Years Strategic Plan, and the line item there: \$8.4 million of funding for that particular plan. Can you please tell the committee about the focus of the Early Years Strategic Plan and tell the committee also about the initiatives that the \$8.4 million of funding will be spent on?

**Ms LOVELL** — Thank you, Neil, for your question. The *Early Years Strategic Plan* is a document that we are very proud of. We launched it in March this year, and it sets out the directions from 2014 through to 2020 for the early years in Victoria. When we launched the strategic plan, we announced \$8.4 million in funding over four years to support it. The plan was developed following extensive consultation with parents, practitioners and experts in the early childhood sector. As I said before, it sets out our directions from 2014 to 2020.

We released the plan because we know getting it right in the early years is the right thing to do. This is when we set a child up for their education for life. We know that if we get it right in the early years, we can deliver better students to our primary and secondary schools, to our tertiary institutions and ultimately better applicants for jobs in the workforce. We contribute to the state's productivity longer term, but most importantly we make it possible for a child to reach their full potential.

The plan focuses on three key areas: supporting parents and communities to give children a better start; early and sustained support for those who need it most; and ensuring all children benefit from high quality learning. There is \$4 million in the plan over four years to support workforce programs to upgrade the skills of the workforce and address local skills shortages to ensure a high-quality learning environment for all Victorian children.

The remaining \$4.4 million over four years is for other initiatives, including \$2 million for expansion of the maternal and child health record to establish an individual learning, health and care plan for every child, which identifies the services and supports, such as kindergarten or playgroups, that parents may wish to consider in supporting their child's learning and development. Three local demonstration projects will test this trial.

There is also \$1.2 million for the every toddler talking trial, which will bring together teachers and speech pathologists to help toddlers speak, listen and be understood early to ensure they have the literacy skills they need to stay on track. There is also \$1.2 million to work with local governments to improve centralised enrolments for maternal and child health and kindergarten programs, particularly to improve access to these services for vulnerable families.

**Mr SCOTT** — Minister, I refer you to budget paper 3, page 8, where there are outputs for early childhood development. In 2010–11 four years of funding was provided in the forward estimates — a total of \$57 million — for additional kindergarten places due to population growth. Is there funding in this budget to replace this line item?

**Ms LOVELL** — I do not think you were listening earlier when I explained the reason why we do not need to do that anymore, because this government in our first budget in 2011–12 introduced enrolment-based funding for kindergarten programs that guarantees a funded place for every child that enrolls in a kindergarten program. As I said before, under your government there were a limited number of funded kindergarten places, and if they filled up, the minister then had to go back hat in hand to the Treasurer and the expenditure review committee and ask for additional places.

The money that you referred to was for an increase in places that was put in place under the former government. We recognised with the rapidly growing birthrate that that was not a practical way to deliver kindergarten services. We needed to guarantee families that their child would be able to access a funded kindergarten program, so we introduced what is known as enrolment-based funding, which is the same as what happens in the school. It is a guaranteed funded place for every child that enrolls in kindergarten.

**Mr O'BRIEN** — Minister, I would also like to refer to your presentation and to budget paper 3, page 8, and the \$3.8 million funding in the budget for early years workforce support. Can you tell us how that \$3.8 million will benefit the early years workforce?

**Ms LOVELL** — Thank you for your question, and let me start by saying we have a very dedicated and committed workforce — in Victoria. I would like to thank them for their efforts in educating some of the youngest members of our state. You only have to visit our early learning centres, our kindergartens and our long day-care centres to see how dedicated those members of the workforce are and see the fantastic and innovative work they are doing with children.

This year's budget includes \$3.8 million over two years to support workforce quality improvement initiatives to ensure that children have access to high quality early learning programs. This funding will support additional

professional development opportunities for educators and educational leaders. It will also support telephone and training support to implement the national quality framework. It is really important that the service providers have that support as we are going through the changes in implementing the national quality framework.

The funding also supports planning for the implementation of early childhood teacher registration. This is an area that will reduce burdens on kindergarten committees. Once these teachers are registered with VIT, then VIT will be responsible for ensuring the qualifications they claim are correct, rather than kindergartens having to verify these themselves. This funding is in addition to the \$4 million we announced in March as part of the early years strategic plan, and this will build the capacity of the education and care workforce. It brings the total we have invested in the workforce since December 2010 to \$36.6 million.

This government has done a lot to support the early years workforce, including high quality professional development that is being delivered in areas such as leadership and educational practice. In 2013 we launched the workforce campaign to promote the broad range of professions in the early childhood sector. It is not just about being a kindergarten teacher; there are actually 11 different professions that you can undertake in the early childhood area. We also have supported 244 employment incentives that have been offered to services to fill vacancies in hard-to-staff locations, and 1879 staff have received a scholarship from the Victorian government to upgrade or attain an early childhood qualification.

The national quality framework commenced on 1 January 2012 for preschools, long-day care centres, family day care and outside-school-hours care services right around our nation. They have recently released the early childhood workforce census, which indicates the sector is adapting to the national quality framework, with 82 per cent of staff nationally now holding a qualification and 30 per cent of staff nationally studying towards a qualification in a related early childhood field.

**Ms GARRETT** — I return again to the national partnership agreement. There is clearly a huge level of anxiety in the sector about the review that is reaching its conclusion. There is great concern amongst parents across Victoria about what it means for their children. I note the stonewalling and the hypothetical responses that you have given today, but clearly —

**The CHAIR** — Order! No, there has been a desire not to engage in hypotheticals. I think that is in fact what has occurred.

### **Members interjecting.**

**Ms GARRETT** — The response that you are not going to engage in hypotheticals, yes, even though we are at the pointy end of the season, so to speak, even though kinders are doing their budgets and even though parents are doing their budgets. I ask again, Minister, regarding potential fee increases that will fall on parents who have bought and, quite rightly so, accepted the benefit and the wisdom of 15 hours worth of kindergarten, what discussions, if any, have you had with the sector and with parents groups about potential fee increases arising from the change or the likely change in the federal situation come next month?

**Ms LOVELL** — Again, this is a hypothetical — the ‘likely change’. We are engaged in a process with the federal government around reviewing this national partnership. We are participating in that. I have been urging the federal government to make an early decision to give certainty to the sector and certainty to parents, because I know that services are planning for next year. We have been open and transparent with services around this. We have given them information about what our funding will be for next year, and we are waiting to hear from the federal government what their funding will be. We will then have the discussion, if necessary, with services around what the requirements might be for next year. But at the moment there is a contingency funding line in the federal budget, we are in the middle of a review process, and we are working with the federal government to try to get the best outcome for Victorian families through that review.

**Ms GARRETT** — By way of supplementary, Minister, you have referred to some modelling you do on an ongoing basis. Have you conducted modelling regarding what the impact of demand on additional child-care places would be?

**Ms LOVELL** — Child care is the federal government’s responsibility, so that is something that they would need to consider: if they were to remove themselves from the national partnership and early childhood education, what the impact might be on their budget by way of additional child-care fees.

**Mr ONDARCHIE** — I would like to talk about the reform in the maternal and child health area, if I could, and particularly draw your attention to budget paper 3, page 8, which outlines \$2.1 million of funding in the budget for these reforms. I know you took a special visit out to South Morang to meet Craig, a male maternal and child health nurse — one of the only ones, I think, in the state.

**Ms LOVELL** — Yes, he is the only one, I think.

**Mr ONDARCHIE** — In relation to the funding that is outlined in the budget, can you tell us what the expected outcome of this reform is, and also what the funding will support?

**Ms LOVELL** — Thank you for your question. I know that you are particularly interested in the health and welfare of some of our youngest children. Having been previously executive director at the Royal Women's Hospital, you have a great understanding of the benefits of the maternal and child health service. I remember very well our visit out to South Morang to visit Craig, our only male maternal and child health nurse. It was refreshing to see a male in a non-traditional job. Everyone is always talking about females taking on non-traditional jobs, but it was refreshing to see a male in a non-traditional job. He had previously been a midwife, and with many of the families that he was seeing as a maternal and child health nurse he had actually delivered their children, so there was a great bond there.

But, getting back to the question on maternal and child health reform, we have allocated \$2 million over three years to support the implementation of maternal and child health service reform to modernise the maternal and child health service and improve support for vulnerable children through maternal and child health. This funding will support improved practice tools and service models to respond to vulnerability and enable service integration. It will also support examination of best practice in supporting parental engagement and participation, and the identification of improved funding approaches and data processes to support program administration.

The reform in the maternal and child health services is a key action that was identified when the memorandum of understanding for maternal and child health was signed between the department and the Municipal Association of Victoria. Extensive community consultation was undertaken in 2013 to inform the maternal and child health reform, including parent workshops and focus groups, including vulnerable parents being actively involved in that. There have been meetings with maternal and child health coordinators and nurses, local government, community service organisations, the unions and other stakeholders. A panel of early childhood academics and experts also was formed to contribute to the consultation. There were over 40 submissions from stakeholders and the public also submitted to this consultation. We are now going through a process of further consultation, with a maternal and child health reform direction paper that is out there for discussion, and that is currently under way.

The reform process identified a number of key outcomes. These focus on modernising and enhancing the quality of service delivery to make it easier for families to get the support they need when they need it; intervening early and preventing problems from escalating for parents and children; building the capacity and confidence of the maternal and child health workforce; and making the best use of resources. Our maternal and child health system is something that we are proud of. It continues to be the envy of all other states, and this \$2.1 million investment will make sure that it does continue to be the envy of states around Australia.

**Mr ONDARCHIE** — Thank you, and I will say hello to Craig for you as well.

**Ms LOVELL** — Thank you.

**The CHAIR** — Thank you, Minister. We have used all the time available for consideration of questions on the children and early childhood development portfolio. I think there is one matter to be followed up in writing, and that is the federal-state funding break-up. We will follow that up in writing, and if we could have a response within 21 days that would be appreciated. I thank the secretary and departmental staff for their attendance. That concludes this hearing.

**Witnesses withdrew.**