

# CORRECTED VERSION

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2011–12

Melbourne — 18 May 2011

#### Members

Mr N. Angus

Mr P. Davis

Ms J. Hennessy

Mr D. Morris

Mr D. O'Brien

Mr M. Pakula

Mr R. Scott

Chair: Mr P. Davis

Deputy Chair: Mr M. Pakula

#### Staff

Executive Officer: Ms V. Cheong

#### Witnesses

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

Mr J. Rosewarne, Acting Secretary,

Mr P. Linossier, Acting Deputy Secretary, Office for Children and Portfolio Coordination,

Mr J. Miles, Acting Executive Director, Office for Resources and Infrastructure, and

Mr M. Maher, Acting Executive Director, Early Childhood Development, Department of Education and Early Childhood Development.

**The CHAIR** — I declare open the Public Accounts and Estimates Committee hearing on the 2011–12 budget estimates for the portfolios of children and early childhood development and housing. On behalf of the committee I welcome the Honourable Wendy Lovell, MLC, Minister for Children and Early Childhood Development and Minister for Housing; Mr Jeff Rosewarne, acting secretary, Department of Education and Early Childhood Development; Mr Paul Linossier, acting deputy secretary, Office for Children and Portfolio Coordination, Department of Education and Early Childhood Development; Mr Jim Miles, acting executive director, Office for Resources and Infrastructure, Department of Education and Early Childhood Development; and Mr Michael Maher, acting executive director, early childhood development, Department of Education and Early Childhood Development; as well as Luke Hatton, manager, key stakeholders support, communications division, Department of Education and Early Childhood Development, who will be operating the presentation only. Members of Parliament, departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in any way in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his or her chief of staff, can approach the table during the hearing to provide information to the minister, by leave of myself as chairman. Written communication to witnesses can only be provided via officers of the PAEC secretariat.

Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room, and no more than two TV cameras are allowed at any one time in the allocated spaces. May I remind TV camera operators to remain focused only on the persons speaking and that panning of the public gallery, committee members and witnesses is strictly prohibited. I am also pleased to announce that this series of budget estimates hearings is being audiocast live on the Parliament's website.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. This committee had determined that there is no need for evidence to be sworn. However, witnesses are reminded that all questions must be answered in full and with accuracy and truthfulness. Any persons 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. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days of this hearing. Unverified transcripts and PowerPoint presentations will be placed on the committee's website immediately following receipt, to be replaced by verified transcripts within 48 hours after the hearing.

Following a presentation by the minister, committee members will ask questions relating to the budget estimates. Generally, the procedure followed will be that relating to questions in the Legislative Assembly.

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

I now call on the minister to give a brief presentation of no more than 10 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of children and early childhood development.

**Ms LOVELL** — It is a pleasure to be here today to give evidence to the Public Account and Estimates Committee inquiry into the budget estimates. The Victorian government recognises the complexity and breadth of our responsibilities to children and early childhood development. We believe in a birth-to-adulthood learning and development system that will build the capability of future Victorian students and workers.

As Minister for Children and Early Childhood Development, I am responsible for the important areas of early childhood services, which encompasses the maternal and child health service, the licensing and regulation of children's services, kindergartens, the children's capital grants program, kindergarten cluster management, children's policy and research, indigenous early childhood policy and services, and early childhood intervention services. This is a very exciting area to be involved in, not only because of its importance in the development of our children but also because of the major changes that are happening in this area at the moment.

The Baillieu government went to the election with a clear policy framework that had a clear focus on providing resources and support for front-line services in early childhood education and training. We gave a commitment

to provide education leaders and parents with the resources and support they need to deliver a unique and personal lifelong learning experience to students at every stage of development. We had an agenda that says that getting the education system right is critical to building a better Victoria. We committed to publishing an annual families statement. This is a discussion paper designed to create a conversation between the community and the government on the needs of families in Victoria.

This next slide is a snapshot of the development of a human brain. As you can see from the slide, much of the development occurs in the early years. This is why we need to recognise early childhood development as a genuine tier in the education system. We know for a fact that strong education programs in the early years can set a child on the right path for life. This evidence is clear, as outlined in the slide. Brain development is very rapid in the early years, and damage or poor development then is much harder to reverse later in life. If the architecture for learning is not in place, learning throughout school and life will be impeded. That is why we need to get it right in the early years, and, if we do get it right in the early years, we can deliver better students to our primary, secondary and tertiary institutions.

Against this background of growing evidence of the importance of early childhood programs, the need to improve and expand on services has been made more critical than ever. Increasing demand has been driven by a rapid increase in the population in key metropolitan and regional centres. This slide shows the birth notifications that have occurred in Victoria, with the very dark blue spots around the metropolitan fringe being the real growth areas where births are occurring. You can see in some of the more remote areas, where the red is, the decline in birthrates in the state. All in all our birthrates have increased significantly — by about 20 per cent — over the last 10 years.

Victoria's maternal and child health service's annual report for 2009–10 shows that there were 73 827 birth notifications in 2009–10, which is a significant increase on the 60 000 that were recorded in 2000–01. This increased birthrate, combined with immigration, leads to increased demand in our early childhood services, and this slide shows the change in the kindergarten enrolments between 2006 and 2010. Kindergarten enrolments have increased steadily over the past four years from 58 397 in 2006 to 66 651 in 2010.

While demand continues to increase, there are ongoing challenges regarding the supply of services. In particular the kindergarten and maternal and child health workforces are ageing, which places a constraint on the capacity of early childhood programs to meet increasing demand. Metropolitan areas are experiencing the highest rates of population growth and the greatest increase in the four-year-old population and need for kindergarten services.

Early childhood programs will need to cater for subsequent increases in demand for services, in particular in the outer suburban fringe and the growth corridors. Some regional cities are also experiencing growth in population rates, while growth is lower in the rural areas. Victoria's early childhood programs will need to respond to such differences in demand for services across all regions. Overall there is a growing demand for Victoria's early childhood programs in metropolitan and rural regions. Our future challenges in this portfolio will be: implementing the national reform obligations; addressing workforce and supply shortages, particularly in kindergartens and in maternal and child health; meeting the needs of growth areas and corridors; and responding to the growing demand for early childhood intervention services.

The challenges of the national reform agenda are complex. COAG has agreed to a series of early childhood reforms since 2008, including the National Early Childhood Development Strategy and three national partnerships, agreements that are outlined in this slide: the National Partnership Agreement on Early Childhood Education, which is the 15 hours of kindergarten; the National Partnership Agreement on Indigenous Early Childhood Development; and the National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care. These agreements reflect substantial reform which will benefit Victorian children and families; however, funding for these agreements is inadequate or limited and may limit our ability to deliver on significant reforms.

Funding for the implementation is not shared proportionately, and time lines are insufficient to enable sustainable implementation. As I said, these national partnerships are underfunded by the federal government, and this is further exacerbated by the slashing of GST funds from Victoria. The national agreements should provide funding that will meet the full cost of implementation within time lines that enable effective and sustainable sector change. National agreements should seek to reward innovation, providing incentives for

leadership rather than seeing leading states held back while others catch up. In response to the challenge, our priority directions are: supporting families through more early childhood infrastructure; addressing the sustainability of kindergarten services; supporting children with a disability or developmental delay and their families; and better support for parents and workforce development.

The state budget this year delivers \$86 million in new funding across a range of early childhood services and a further \$15 million in capital grants to the early childhood development portfolio in order to address our priorities. This includes a significant investment in improving kindergarten services and providing support for parents in the early years.

From this year on, for the first time kindergarten enrolments will match demand through a new kindergarten enrolment-based funding model, securing the future of kindergarten funding. Additional kindergarten enrolments will be funded through an enrolment-based funding mechanism once actual enrolment numbers for 2011 are known. This additional funding will be published in the 2011–12 budget update.

Around \$95 million is provided to improve key early childhood services through a range of initiatives. There is \$26 million that will be provided to support increased infrastructure demand to ensure that Victorian children have access to the best facilities to support their learning and development. This is the largest investment in early childhood infrastructure in the history of this state. This includes the \$15 million that was provided through the budget, and that will be combined with existing funds within the early childhood budget and also topped up from the national partnership money to create a \$26 million fund.

We believe it is vital that our most vulnerable children have the same opportunity to access high-quality early years services, and that is why we are investing \$8.2 million to continue early childhood intervention services to support the needs of children from birth to five years of age with a disability or developmental delay. The ECIS funding supports 12 500 children with a disability or developmental delay from birth to school entry each year.

To help meet the administrative and staffing challenges of kindergartens, 14.2 million is being provided for kindergarten cluster management, including the provision for an additional 160 kindergartens to join the program. Kindergarten cluster management has proved to be an effective way of reducing the burden on parent committees of management, and this funding will also continue cluster management for the existing 700 kindergartens involved in the scheme at 50 locations.

We are investing \$41.5 million in kindergarten fee subsidies to ensure that children from low-income families have access to kindergarten. This will provide \$872 for an estimated 18 000 low-income families, making kindergarten effectively free for their children.

We are also providing \$10 million for kindergarten inclusion support services to support the access and participation of children with severe disabilities in the kindergarten program. This funding will provide 246 additional KISS packages. We are also broadening the criteria to allow more children to apply for this service.

Finally, we are providing \$6 million in operational grants to support around 87 small rural kindergartens with grants of up to around \$20 000 to assist with administrative and operational costs so that services can continue to be provided for the regional families who rely on them.

We have invested \$6.3 million to support parents and children in the early years. This will provide \$2 million for a parenting strategy for innovative programs to assist parents in dealing with children's specific behavioural and developmental challenges. It will provide: \$350 000 to renew and expand the support given to the Australian Breastfeeding Association to support and encourage women to breastfeed; \$3.7 million to renew the maternal and child health line, a 24-hour service that takes up to 100 000 calls a year; and an additional \$180 000 over four years to increase the size of the maternal and child health workforce by expanding the existing scholarship program for nurses to undertake maternal and child health studies through an extra 50 postgraduate scholarships.

In conclusion, this state budget delivers on our election promises for early childhood services and responds to the urgent demand for expanded services flowing from strong population growth. This government is committed to expanding and delivering front-line services, and this state budget does just that.

**The CHAIR** — Thank you, Minister, for your presentation. We now have approximately 45 minutes remaining for questions on the children and early childhood development portfolio. Obviously, as you have just alluded to in relation to your presentation, one of the key drivers in relation to this portfolio is population and demographic change, so could I ask: how have predictions concerning population growth shaped the budget for 2011–12 and the out years in relation to this portfolio?

**Ms LOVELL** — As we know, population growth drives demand for increased services. That population growth is not uniform across Victoria, so there are challenges in planning for that. When population growth comes from increased birthrates, it is our services that are impacted first. Families are in maternal and child health from day one, when the child is born, so we have very little lead-in time for planning for the increased birthrates in these services or indeed in our other services, such as kindergartens and ECIS. In fact if you look at the children who are born this year, they will have travelled through most of our services — through maternal and child health, access to ECIS and into kindergarten — before the forward estimates of this budget have been completed.

In the year 2000 Victoria had 58 875 births, and in 2009 that had increased to 70 920. That is a 20 per cent increase in the birthrate in this state, and it is putting enormous pressure on our services — and the former government's failure to plan for this increased birthrate has not helped services to continue to deliver.

The 2011–12 budget papers note that there will be enrolment-based funding for kindergarten enrolment growth. This is the first time that this has been done in this state. In previous years ministers had to go back to the budget processes each year, cap in hand, and ask for funding for children to go to kindergarten. This is now enrolment based, the same as school funding is, and it will continue to be enrolment based through the forward years, so it guarantees funding for children who are accessing kindergarten services.

The 2011–12 budget also provides \$180 000 over four years to train more maternal and child health nurses. This is an ageing workforce and one in relation to which, as I have travelled around regional Victoria both as the shadow minister and now as minister, local government staff have told me that they have had difficulty attracting new nurses into this field because of the triple certificate. These 50 scholarships will go a long way towards assisting local government to continue to provide this vital service in the state.

We provided \$15 million in this budget as part of a \$26 million package for early childhood infrastructure, the largest single investment in early childhood infrastructure in the history of the state. We are very proud that we have delivered that, and there will be funding grants opened later in the year for services to apply for to help them to build their capacity to cope with Victoria's increasing population.

We have also provided \$6 million over four years for grants for our small rural kindergartens.

**Mr PAKULA** — This is the presentation all over again. It is exactly the same presentation.

**Ms HENNESSY** — Yes, that's right. She is just reading out a PPQ, Chair. Why don't we just table it, Minister, and save us all the terror?

#### **Members interjecting.**

**Mr MORRIS** — Just because you don't like the answer to the question doesn't mean you don't hear it.

**Mr PAKULA** — It is the same presentation — exactly the same.

**Mr MORRIS** — What did you do for population growth?

**Ms HENNESSY** — We committed more funding than you guys on this topic.

**The CHAIR** — Members, you may not be interested in this question or the answer to it — —

**Mr PAKULA** — No, it is just that we have already heard it.

**The CHAIR** — No, you have not heard all of this information. I have asked the question, and I expect to get an answer from the minister and I expect to get it so that I can hear it.

**Ms LOVELL** — Thank you, Chair. I am just wrapping up now. You would know, as a rural member, the difficulties that small rural kindergartens have in continuing to provide services in some of our more remote locations. The onerous burden of fundraising on families to continue to fund those services has been significant. We have provided \$6 million in this budget over four years to provide grants of up to \$20 000 for operational grants to these kindergartens to relieve those families of some of the onerous burdens of fundraising.

**Mr PAKULA** — Minister, in your presentation you referred to previous ministers having to go cap in hand for funding, and you talked about a failure to plan, but in fact Labor went to the last election with a plan for a \$100 million commitment to build a kindergarten capacity of 10 000 places. Your budget has in it a children's facilities capital program of \$15 million, with no funding in the out years — so either \$15 million is it or you are going to have to go back, cap in hand, next year for more. I would be interested to know which of those two contentions are correct, and I would like you to tell us — —

**The CHAIR** — One thing at a time. You cannot have three bites of the cherry.

**Mr PAKULA** — It is not three bites of the cherry, Chair.

**The CHAIR** — You have just asked a question, and my view is that the minister is entitled to respond to your question.

**Mr PAKULA** — Chair, the minister just gave a 15-minute answer. I am asking whether or not there is going to be any more money, and I am asking how many — —

**The CHAIR** — Let her answer the question.

**Mr O'BRIEN** — That is question one; let her answer that one.

**Mr ANGUS** — One at a time.

**Mr SCOTT** — You cannot protect the minister!

**Mr PAKULA** — Does she actually need that much protection, Chair?

**Mr O'BRIEN** — No, she does not need any protection. You need to ask one question at a time.

**The CHAIR** — You have asked a question. The minister — —

**Mr PAKULA** — I was halfway through asking my question.

**The CHAIR** — No, no you were trying to ask supplementary questions, and you know that that is not permitted, apart from the preamble, which was about the opposition, not about the government.

**Mr PAKULA** — So the minister can refer to the opposition — —

**The CHAIR** — This is a question time for a discussion about budget estimates not about what the former government's policy was in relation to — —

**Mr PAKULA** — I was responding to the minister's presentation.

**Mr SCOTT** — It is a ridiculous ruling. Obviously he needs to protect this minister.

**Mr ANGUS** — You have asked your question; let her answer it then.

**Mr O'BRIEN** — You have asked your question. Now let the minister answer it.

**The CHAIR** — Minister.

**Mr PAKULA** — Can I finish my question?

**The CHAIR** — No, you have finished it.

**Ms LOVELL** — Thank you, Chair. The shadow minister's question was about our record \$26 million funding round grant that we have announced for this year. We all know there is a growing demand for early childhood infrastructure in this state, and this is a very important announcement that we have made of this funding. The drivers around this announcement have been population growth, also the increased kindergarten participation rates that we have in Victoria — very strong participation rates — and also the universal access —

**Mr PAKULA** — No. On a point of order, Chair, if I am going to be confined in what I can ask, then at least I want the question that I asked answered —

**Ms LOVELL** — I am getting — —

**Mr PAKULA** — Not some pre-prepared — —

**Mr ANGUS** — Let the minister finish her answer so she can get to it. She has got to get to the point you have raised.

**Members interjecting.**

**Mr PAKULA** — I want the question that I asked answered.

**Mr O'BRIEN** — You asked about policy, and she was answering about policy.

**The CHAIR** — Thank you for your point of order. As you know — as we all know, having sat here now for eight days — we cannot determine the answers that ministers give.

**Mr PAKULA** — They must be relevant.

**Ms HENNESSY** — We have not seen anything as bad as this.

**The CHAIR** — The ministers are entitled to give some context to a response, and the minister, in my view, is doing that.

**Mr PAKULA** — But I am not, in my question?

**The CHAIR** — The minister, to proceed.

**Ms LOVELL** — The third driver in the need for early childhood infrastructure is of course the national partnership on early childhood education, which moves to 15 hours of kindergarten by 2013. This was, of course, a federal Labor 2007 election commitment, but it is underfunded and the states have been left to pick up the funding for this. We are currently in negotiations with the federal government to renegotiate the bilateral agreement —

**Mr PAKULA** — This is not the question I asked.

**Ms HENNESSY** — This is loco!

**Ms LOVELL** — to apply for more funding or more realistic time lines for this implementation. The shadow minister asked about the \$15 million that is provided as part of this \$26 million funding round grant in our budget this year. This money is all allocated for this year. Next year there is a new budget process, and we will reassess the need as we move through our negotiations with the national partnership agreement.

**Mr PAKULA** — Cap in hand, it sounds like.

**The CHAIR** — Did you actually want to follow up?

**Mr PAKULA** — I would love to finish the question I wanted to ask, which is: how many — —

**Mr ANGUS** — No, you had your question; now you get another question?

**The CHAIR** — It is all right.

**Mr PAKULA** — How many places will \$15 million fund?

**Ms LOVELL** — It is \$26 million, not \$15 million, and your commitment at the election was over four years, so it is actually less than what we are providing this year.

**Mr PAKULA** — The children's facilities capital program, \$15 million.

**Ms LOVELL** — This is a funding grant round designed for this year, designed for local government areas that are ready to go with early childhood infrastructure this year.

**Mr PAKULA** — How many rooms will it build?

**Members interjecting.**

**Ms LOVELL** — We will have another funding grant round next year.

**Mr PAKULA** — How many rooms will it build?

**The CHAIR** — Deputy, I know you are anxious, but you have had several goes at asking follow-up questions, and I have not interrupted you; I have let you go on.

**Mr PAKULA** — It is the same question.

**The CHAIR** — But the minister is answering your question. If you will just — —

**Mr PAKULA** — I just want to know how many rooms it will build.

**The CHAIR** — If you will just pause and allow the minister to complete her answer, then I will ask the next member to ask a question. That is the way we do things here. Thank you. Minister, continue.

**Ms LOVELL** — Chair, if the shadow minister had taken any interest in early childhood development, he would know that when the funding grant rounds are announced there are various levels of funding grants. Some of them are for children's services for hubs, some of them are for expansion and renovation of children's services —

**Ms HENNESSY** — They are about places.

**Ms LOVELL** — and some of them are for minor renovations. The details of this grant round are still being finalised, and the applications that come in will determine how many rooms it will supply.

**Ms HENNESSY** — So you cannot tell how many more kids this helps.

**Mr MORRIS** — Minister, I would like to stick with the subject of capital funding in BP3, page 18, in particular. Can I ask you: how will the children's facilities capital program benefit Victorian families in accessing quality early childhood services?

**Mr PAKULA** — You might have more luck getting an answer than I did.

**Mr MORRIS** — I only ask one at a time; that probably helps.

**Mr PAKULA** — She knows your questions before you ask them.

**Ms HENNESSY** — That's right. She has her answer written down that she will read to us.

**The CHAIR** — Minister, would you like to just respond to the question asked by Mr Morris and ignore the interjections. It is obvious that there was something in the soup at lunchtime. We will just steady down. Would you like to answer Mr Morris's question, thank you.

**Ms LOVELL** — I thank the member for his question and for the tone in which it was asked; it was very nice. This is a great asset for Victorian families, the opportunity to invest in early childhood services in Victoria. As I outlined in my presentation, early childhood education is an important part of a child's development. The more development we can give a child in the first five years of life, the better that sets them up for learning for



their later life. We can deliver better students to primary schools, secondary schools and tertiary institutions if we get it right in the first five years.

This government is committed to providing quality early childhood services in this state, and this funding grant round will enable local government and community services to expand their facilities to provide more opportunities for children to participate in these programs and to provide for better infrastructure for these children in their learning environment. We have seen the importance of investing in our schools to create better learning environments rather than just having old buildings that are in need of maintenance. Children learn better in a fresh and exciting environment, and this \$26 million in capital grants will enable services to not only expand and take more children but also provide better environments for children to learn in.

**Mr SCOTT** — I draw your attention to page 105 of budget paper 3, where the cuts to the education and early childhood development department are outlined. I believe that there are about \$481 million worth of cuts.

**Mr MORRIS** — I believe the term is ‘output initiatives’.

**Mr SCOTT** — Sorry?

**Mr O’BRIEN** — The term is ‘output initiatives’.

**Mr SCOTT** — Could I ask the minister to outline how much of this is being borne in this portfolio?

**Ms LOVELL** — I wish to reinforce the message that has been given previously by my ministerial colleagues in the education department, Minister Hall and Minister Dixon, at earlier committee hearings. I also understand that our acting departmental secretary has provided clarification to the committee yesterday regarding the availability of detailed information concerning the department delivering the required saving quantum. Let me confirm the following: the final breakdown of actual savings measures in actual dollar savings is still being considered by the department, and prior to 30 June the government will consider the final list of proposed savings. What I can tell the committee today is that staff employed in front-line services, such as the primary and secondary school nursing program and the early childhood intervention services, will be protected. The department has taken the detailed savings question on notice and will provide an answer to the committee.

**Mr SCOTT** — Just to clarify that last statement, could we have a detailed answer on those which specifically address the impact on this portfolio?

**The CHAIR** — My understanding of the commitment given by the acting secretary yesterday was in effect to provide to the committee the information relating to all portfolios within the department’s responsibility.

**Mr ANGUS** — Minister, I refer you to budget paper 3, page 18, and the output initiatives, and in particular the ‘Kindergarten inclusion support services improvements’, providing for \$10 million over the forward estimates period. My question, Minister, is: why has this government placed such emphasis on the provision of these services, and will it assist more children with a disability to access this service?

**Ms LOVELL** — Thank you for your question, Mr Angus. I think it is a very important question. As we know there is a growing demand for kindergarten inclusion support services. The drivers of this have been population growth and also an increase in the diagnosis of disabilities such as autism. In the 2011–12 state budget we have provided an additional \$10 million over four years to provide almost 250 extra KISS packages per annum. This is an area that, as I have travelled around as a shadow minister and even as the minister, has been raised with me by kindergarten after kindergarten — the need for additional packages for KISS and the need to broaden the criteria so that more children can access them.

This will broaden the group of children eligible for kindergarten inclusion support services, and the eligibility criteria are currently being considered as part of our early childhood intervention services reform project. In addition to children with a disability or developmental delay, this funding will also benefit children with high medical needs — that is, children with life-threatening medical conditions, such as multiple epileptic seizures on a daily basis, who require constant supervision. Children who are unable to feed orally and require tube, or PEG, feeding directly into the stomach will be able to access a place through this expanded program, and children with severe respiratory conditions who are oxygen dependent will also qualify for some of these places.

This is about giving children the opportunity to participate in a quality early childhood service and including them as inclusion services so that children who do have a disability or a life-threatening illness are not excluded from the benefits an early childhood program can provide. Our future service system options and directions that we are developing through the early childhood intervention services reform project will have options out by mid-2011, and we will be doing further work to develop a funding model and service delivery framework by September in order to expand ECIS in this state as well so that more children can benefit from it. So we are very committed to providing intervention early in a child's life, particularly for those children who do have a disability or developmental delay, or indeed a life-threatening illness.

**Ms HENNESSY** — Minister, if I could just take you to budget paper 3, page 15 and the outputs around kinder cluster management, how does providing growth funding for 160 extra sites address the fundamental price problem with providing this service?

**Ms LOVELL** — This is an interesting one, because it is actually one where there was a lapsing program under the former government.

**Ms HENNESSY** — Not a saving, a cut? We have a number of lapsing programs under you, Minister.

**Mr PAKULA** — Like the one we were just talking about — —

**Mr O'BRIEN** — If you had not mismanaged the economy, we would have a lot more money in the budget, which we would have loved to have spent on early childhood development.

**Mr PAKULA** — Really, you should be in the lower house.

**Ms HENNESSY** — I just want to know about the price problem.

**Ms LOVELL** — This was a lapsing program. Ms Hennessy has identified that there is a pricepoint crunch on these services, and when this program lapsed it would have actually meant that there were less funds available to cluster management. It would have made most of the 700 services that currently rely on cluster management unviable. We have managed to continue to fund those 700 services plus expand it to 160 new services so that they can take in the benefits that kindergarten cluster management provides for early childhood services, which relieves pressure on the parent-run committees of employing educators and of running the administrative side of the kindergarten. Kindergarten cluster managers are funded through service agreements with the department, and the service agreements set out the following — wrong one!

**Ms HENNESSY** — Yes.

**Mr SCOTT** — Sorry, I don't understand. Clarify?

**Ms HENNESSY** — Wrong one.

**Ms LOVELL** — They are funded through the department. This state budget will provide \$14.18 million over four years to cluster management, and that will continue to fund those 700 existing locations as well as enable 160 additional kindergartens to become part of the cluster management arrangements. Thirty-three of the 51 approved kinder cluster management organisations are located in rural Victoria. It is very important, again, to support our rural kindergartens so that all children in Victoria are getting access to a quality early childhood service.

Other support that is provided for cluster management organisations are the continuation of the \$5000 governance establishment grants for new kindergarten cluster management organisations. We provide kindergarten cluster management forums, and there is funding of \$520 000 over three years to Kindergarten Parents Victoria for mentoring, resource development and work to encourage stand-alone kindergartens to join a cluster. This is great, because kindergarten cluster arrangements relieve parents committees of the responsibility of licensing, regulatory and financial requirements as well as staff employment and management responsibilities.

**The CHAIR** — Do you have a follow-up?

**Ms HENNESSY** — Yes, I do, and I noticed that the minister was reading from the wrong page halfway through, so I wanted to clarify — —

**Mr O'BRIEN** — That is a bit rough. She turned a page.

**Mr ANGUS** — She is allowed to refer to her notes. Goodness me! What is wrong with looking at your notes?

**Mr MORRIS** — That must be your interpretation.

**Ms HENNESSY** — I do want to ask a question of clarification, and I note that you say — —

**The CHAIR** — I do not know about you, Ms Hennessy, but I understood what that minister was saying.

**Ms HENNESSY** — Let me clarify then what the minister was saying and give her the benefit of clarifying what she was saying.

**The CHAIR** — If you have got a follow-up question, ask the follow-up question, but don't let us have a sermon about the minister's response.

**Ms HENNESSY** — I note your assertion that you are covering more sites at the same price. How is it that you reconcile that answer with the concerns expressed by kinders and KPV about the current level of funding being not enough and that you have used a flawed formula rather than increasing the price?

**Ms LOVELL** — If there was a flawed formula, it was the former government's formula.

**Ms HENNESSY** — But you are the minister.

**Ms LOVELL** — Because what we are doing is picking up a lapsing program, a program that the former government was going to lapse.

**Mr ANGUS** — She can only work through one problem at a time.

**The CHAIR** — Ms Hennessy is inviting you to comment, I think, on has there been a change of policy. Is that in effect what you are saying?

**Ms HENNESSY** — No. I am saying: why then have you not increased the price if you say you are expanding the program?

**Ms LOVELL** — Chair, this was a tough budget. The former government had left this government with significant challenges in this budget —

**Mr ANGUS** — Black holes.

**Ms LOVELL** — with a number of lapsing programs, of which this was only one.

**Mr SCOTT** — A AAA credit rating. Lapsing programs do not add to the budget deficit.

**Ms LOVELL** — We had the choice of continuing this program or letting it lapse like the former government would have.

**Mr SCOTT** — That is just nonsense. You are misleading the committee.

**Ms LOVELL** — That would have been disastrous for kindergarten services in Victoria, so we did continue to fund the kindergarten clusters at the same level of funding as they had been funded in the last year — the same funding as the previous government was funding them.

**Mr SCOTT** — It is a real cut, with inflation and wage costs.

**Ms HENNESSY** — So a cut, with inflation.

**Ms LOVELL** — It is funding that Ms Hennessy is now saying was inadequate. But we had a choice of what we could do. We could have increased the location price for the additional 700 services, or we could have provided the opportunity to 160 additional services to join kindergarten cluster management. We decided the best option was to provide for increased capacity, which makes cluster managers more viable and allows additional kindergartens to benefit from the opportunities that kindergarten cluster management provides. This is done at the same level of funding as was provided last year by the former government, which is a higher level of funding than they intended to provide this year.

**Ms HENNESSY** — That is just rubbish. It is not what your kinders are saying about you, Minister.

**Mr O'BRIEN** — I would like to take you to the kindergarten fee subsidy on budget paper 3, pages 105–6, and note that it is the largest provision in the early childhood budget — 41.5 million over the four years. I ask, Minister: how will the funding for this program assist more children from low-income families to access services, and how does it support a move towards universal access to early childhood services?

**Ms LOVELL** — I thank Mr O'Brien for his question. Again, this is a very important question. This was again one of the lapsing programs of the former government. You will remember back — —

**Mr PAKULA** — Are there any lapsing programs in this — —

**Ms HENNESSY** — You have not come here to tell us what you are cutting. You do not even know your own budget.

**The CHAIR** — Deputy!

**Mr PAKULA** — It is like there is something new, Chair, like there has never been a lapsing program before.

**Mr ANGUS** — Let the minister answer the question. You don't have to keep interjecting every time she gives an answer you don't like.

**Mr O'BRIEN** — If you had spent money wisely, we would not have so many lapsing programs. Thank God we got rid of you!

**Ms HENNESSY** — She has cut the money, with inflation!

**The CHAIR** — Ms Hennessy, you are very tiresome today. Minister, would you proceed.

**Ms LOVELL** — As I was saying, this was one of the lapsing programs of the former government. If you remember back to 2006, the kindergarten fee subsidy was just over \$300, and the Liberal Party actually went to the 2006 election with a commitment that we would increase the kindergarten fee subsidy to \$730 to more accurately reflect the cost of kindergarten fees in this state. The Bracks government at the time did not have that as an election commitment, but after the election, to their credit, they picked up our election commitment and funded kindergarten services for fee relief at \$730.

**Mr ANGUS** — One of the many policies they pitched.

**Ms LOVELL** — But unfortunately they only provided four years of funding; they did not provide it beyond the budget estimates period.

**Mr PAKULA** — Have you provided anything beyond the budget estimates period? What are you talking about? There is nothing in here funded beyond the budget estimates period.

**Ms HENNESSY** — It is embarrassing, Chair.

**Mr ANGUS** — Let the minister answer the question.

**Mr MORRIS** — How many questions do you lot want?

**The CHAIR** — Minister, just proceed.

**Mr SCOTT** — This is a joke.

**Ms LOVELL** — This year that funding was to lapse. What it would have meant — —

**Mr PAKULA** — Like everything in this budget.

**Mr O'BRIEN** — This is the start of the budget estimates period.

**Ms HENNESSY** — This is embarrassing.

**Mr SCOTT** — It is a minister of the Crown.

**Ms LOVELL** — If the Brumby government had been re-elected, there would have been \$500 less available to each family for kindergarten fee relief this year. What we have done is we have renewed that funding. It is now \$845 a year for families, which is a realistic price for the kindergarten fees. It means that kindergarten will be effectively free to around 18 000 children in this state, which is a great opportunity for struggling families so that their children can attend kindergarten. If the program had been allowed to lapse, as the Brumby government intended to —

**Mr SCOTT** — You can't say that. That is misleading the committee. You are misleading the committee repeatedly.

**Ms LOVELL** — it would have meant that many children could not have participate could not have participated in a kindergarten program.

**Mr SCOTT** — You know you are misleading the committee.

**Ms LOVELL** — The members at the other end protest about that, but the Brumby government did not include this in their kindergarten policy.

**Mr SCOTT** — We can tell.; your face goes red when you mislead the committee.

**The CHAIR** — Mr Scott!

**Ms LOVELL** — They had some of the lapsing programs included in their kindergarten policy, but this was not one. They intended to let this program lapse.

**The CHAIR** — Mr Scott, do you have something to say?

**Mr SCOTT** — No.

**The CHAIR** — No? Good. Thank you. Deputy?

**Mr PAKULA** — I should point out to the minister that on her criteria every single program in this budget is going to discontinue at the end of this term — on the minister's own criteria, but anyway — —

**Mr MORRIS** — There are three budgets to go.

### **Members interjecting.**

**Mr PAKULA** — Let me go on. Minister, in budget paper 3, page 105, you talk about the early childhood intervention service, and there is money there — 2 million, 2 million, 2.1, 2.1 — and the budget says that it is provided to continue 150 early childhood intervention service places and 150 flexible support packages, so it is just a continuation of the current program. When you go to page 172 of the same budget paper and you look at the number of places and packages funded annually, they remain the same; the number of places remains at 10 325 and the total number of children receiving the service remains at 12 650, so there has been no move between 10–11 and 11–12.

Your own presentation talks about all these areas where there are increases in demand for early childhood services, all the areas in blue, which you have outlined. You have all this increase in demand, the number of places and the number of children serviced remaining static, so my question is: how many extra children are

going to miss out, given that the demand is increasing but the number of services is not, or are you narrowing the eligibility criteria so that there are no more kids missing out?

**Mr ANGUS** — How many questions was that?

**Mr PAKULA** — One. Can you not process one question?

**The CHAIR** — You are referring to the presentation that showed the growth in demand and also showed some areas of decline?

**Mr PAKULA** — Yes, but I think the overall demand is up.

**Ms LOVELL** — The shadow minister quite rightly points out that the expected outcomes from last year and the targets for this year are the same. He also answered his question in his own question by rightly identifying that the 150 places and the 150 flexible support packages were lapsing programs under the former government, and we have continued to fund them. That is why places are the same and expected outcomes are the same.

We are currently undergoing an ECIS reform review, and the results of that review will inform the future funding of this program.

**Mr PAKULA** — To clarify, Minister, as demand grows but the service remains the same, more kids will miss out. Is that right? With demand growing but the number of places remaining static, there will be more kids missing out as that occurs.

**Ms LOVELL** — What we have done this year is we have actually increased the price of the ECIS packages from \$6277 to \$7205, and that may provide more services, because as you rightly pointed out, and it is in the budget papers as well, the number of packages is actually less than the number of services it provides because some children do not receive a full package; they receive portions of packages, and that is the way it has operated for a number of years.

We need to be fully informed about the need for the funding of ECIS and the need for the number of places. That is why we are currently going through a review of the ECIS program. That will inform our decisions in forming our budget next year.

**The CHAIR** — I wish to refer to a matter which I know will be of great interest to you and I know to my colleague Mr O'Brien and certainly to me, with a large number of remote areas in my electorate. It relates to small rural kindergartens and specifically to the allocation of 6 million for operational grants to small rural kinders, which is identified on BP3, page 18. Minister, can I ask you to indicate the nature of this program and the effects it will have in regional Victoria.

**Ms LOVELL** — Thank you, Chair, and I understand your interest in regional Victoria and in supporting your early childhood services. As I said before, as I travelled around the state as the shadow minister, and even now as I travel around as the minister, I recognised the difficulties for small rural communities in supporting their kindergartens. There is per capita funding provided per child to kindergartens to support the employment of the teacher and the running of the kindergarten, but the less children you have the more difficult it is to employ a full-time teacher when you are trying to make up the gap through parents fees or through fundraising.

We try to alleviate that by providing a higher per capita rate to children in small rural services, but there is still a significant gap that parents have to make up through their fundraising activities. We recognise the difficulties that is having in country Victoria; we recognise that that is onerous on many of our kindergarten communities. That is why we are providing these operational grants — to relieve kindergarten parent committees of some of those onerous fundraising requirements.

**Mr SCOTT** — I refer you to budget paper 3, page 105, and the output 'Kindergarten fee subsidy'. I note that that the fee subsidy is approximately \$10 million with an increase that seems to be about 2.5 per cent per year, roughly, for each year in the forward estimates, which provides support for 10 hours and 45 minutes of kindergarten. Given that from 2013 there will be an increase in kinder hours for all four-year-olds from 10 to 15 hours, why does the budget not reflect an increase in the subsidy for the forward estimates which cover the 2013 school year and beyond?

**Ms LOVELL** — Sorry, can you just run that past — —

**The CHAIR** — I think we might have to clarify that.

**Mr SCOTT** — Sorry?

**The CHAIR** — It was a fairly detailed question.

**Mr SCOTT** — On page 105 there is the reference to the kinder fee subsidy, which is around \$10 million; I will not go through the commentary on that. Given that from 2013 there will be an increase in kinder hours for all four-year-olds from 10 to 15 hours, why does the budget not reflect an increase in the subsidy for the forward estimates, which cover the 2013 school year and beyond?

**Ms LOVELL** — For Mr Scott's enlightenment, we are actually undertaking a review of kindergarten funding as we speak. That funding review will inform the funding of kindergarten into the future in Victoria, particularly in light of the universal access which he refers to — that is, the 15-hour program. The increased need for funding for 15 hours will be dealt with as part of that kindergarten funding review.

**Mr SCOTT** — I am intrigued by your answer. Are you suggesting that the basis of policy would be to increase the level of funding and therefore that the material presented to the committee and to the public in the budget documents, by your own admission, is highly likely to be inaccurate?

**Ms LOVELL** — As I said, we are currently undertaking that review. That review process will inform that in the future, but the current budget can only reflect what are the current arrangements.

**The CHAIR** — What Mr Scott was going to was whether or not there was a change of policy which needed to be funded, I think.

**Mr SCOTT** — Which is what you indicated before.

**The CHAIR** — Okay.

**Mr MORRIS** — I would like to turn to the subject of the maternal and child health nurses scholarship program, at page 20 of budget paper 3. Minister, can you explain for the committee's benefit the importance of these scholarships and what they will mean for Victoria?

**Ms LOVELL** — As we know, there is a growing demand for maternal and child health nurses in this state. We have a growing birthrate, which has increased demand for their services. We have an ageing workforce in the maternal and child health area, so there is a real need to train new maternal and child health nurses. It is a triple-certificate qualification, and the extra cost of that additional qualification is often a barrier to nurses going on and training as maternal and child health nurses. These scholarships will encourage an additional 50 nurses to undertake postgraduate studies to become maternal and child health nurses and will much relieve the pressure that is on the maternal and child health workforce at the moment. Local government has welcomed this initiative.

**Ms HENNESSY** — In budget paper 3, page 168, we have the output summary for the Department of Education and Early Childhood Development. You would be aware, of course, that the Take a Break occasional child-care program is run across about 220 neighbourhood houses and community centres. Last year the former government took over full funding of the program and gave \$1.9 million, which allowed it to continue for another year. Can you advise where in the budget the Take a Break program has been funded?

**Ms LOVELL** — Firstly, I would like to remind Ms Hennessy that child care is actually a federal government responsibility and that this program was effectively killed off last year by the federal government in its budget, when six weeks before the end of the financial year it just completely pulled funding for this program.

**Mr PAKULA** — That's why we funded it.

**Ms HENNESSY** — So the state took it over. Is it in the budget?

**The CHAIR** — Ms Hennessy, allow the minister to conclude her answer, and you may have the opportunity to ask a follow-up question.

**Ms LOVELL** — The federal government withdrew that funding, as I said, with only six weeks to go until the end of the financial year, and the services would have finished at the end of the financial year. That did not give services time to adjust; it did not give families time to make alternative arrangements. The former state government did pick up that funding, but it made it clear at the time that it had only picked up that funding for a single year to allow the services to have a transition period. The services, I guess, were hopeful that the state would continue to provide that funding, but in view of the realities of this budget — which was a very tough budget in which we had to make really tough decisions — could we afford to continue to fund a federal government policy? No. The federal government is responsible for child care and should fund that itself.

The choice we had to make was whether we would continue to fund something that had been dropped by the feds or whether we would pick up a lapsing program like the maternal and child health helpline, into which we have put \$3.7 million to continue to service over 100 000 callers a year who ring up for vital information for their children. There were tough decisions to be made, and we decided to continue to fund the front-line services that are traditionally the responsibility of the state government. We encourage the Take a Break services and neighbourhood houses to lobby the federal government to restore funding to the Take a Break program.

**Ms HENNESSY** — I am happy for the minister to take this on notice, but I would be interested to see, when we are provided with a breakdown of the \$481 million in cuts from the department, whether or not the assumption was that this program was included as a cut or whether it was in fact, if the minister has characterised it correctly, a lapsing program.

**Ms LOVELL** — I should also add that we have continued the funding for this program until the end of the year.

**The CHAIR** — End of the calendar year?

**Ms LOVELL** — The end of the calendar year, yes, so that services and families are not caught unaware. We will work with those services in the next six months to see if there are alternative models that can be provided in those towns.

**The CHAIR** — Thank you, Minister. That brings us to the conclusion of this segment of the hearing. I would like to thank Mr Rosewarne, Mr Linossier, Mr Miles, Mr Maher and Mr Hatton for their attendance.

**Witnesses withdrew.**