

# VERIFIED VERSION

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2013–14

Melbourne — 22 May 2013

#### Members

Mr N. Angus

Ms J. Hennessy

Mr D. Morris

Mr D. 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,

Mr M. Maher, Executive Director, Programs and Partnerships Division,

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

Mr J. Miles, Deputy Secretary, Infrastructure and Finance Services Group, Department of Education and Early Childhood Development.

**The CHAIR** — I declare open the Public Accounts and Estimates Committee hearing on the 2013-14 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 these portfolios, and from the Department of Education and Early Childhood Development I welcome back the secretary, Mr Richard Bolt; Mr Michael Maher, Executive Director, Programs and Partnerships Division; Dr Sonia Sharp, Deputy Secretary, Early Childhood and School Education Group; and Mr Jim Miles, Deputy Secretary, Infrastructure and Finance Services Group. 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 gallery that they cannot participate in any way in the committee's proceedings. Only officers of the committee secretariat are to approach committee members. Departmental officers, as requested by the minister or her chief of staff, can approach the table during the hearing to provide information to the minister, by leave of myself as Chair. 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.

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 precincts of the hearing are not protected by parliamentary privilege, including any comments made on social media from the hearing itself. This committee has 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 for fact verification 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 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 matters, however I do request that the minister answer each question as succinctly as is reasonable, recognising that many responses may include a degree of complexity. I ask that all mobile telephones be turned off or to silent.

I now call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information relating to the children and early childhood development portfolio. Welcome, Minister.

### **Overheads shown.**

**Ms LOVELL** — Thank you, Chair, and congratulations on your appointment to that position. This government is building for the future growth of Victoria by continuing to invest in children and the services that support them. Investing in the early years has significant long-term benefits for the whole state. The early years are crucial to a child's development and we are committed to improving access and quality in our early childhood education and care services to ensure our children can successfully begin their journey of lifelong learning. We believe that acting early reduces future social and economic costs and gives children a real chance to become active and engaged participants in school, community and family life. That is why we continue to invest in services in early childhood.

Victoria faces some key challenges in the years to come. Victoria continues to experience population growth, presenting particular challenges for the early childhood system. There has been a 21 per cent increase in birth notifications since 2000 and 2001. By 2016 births are expected to exceed 75 000, compared with 71 735 births in 2011 and just 61 000 births in 2003. To meet the challenges we need to implement a range of reforms, maintain the strength in our universal system and meet the challenge of increasing prevalence of disability.

The state budget continues to be delivered in difficult financial circumstances. Tough decisions have been made across government. However, we have committed to early childhood development and fully believe in the benefits that strong services can deliver. To meet this vision my focus for this year's budget has been on early childhood intervention services, capital investment in growing the number of kindergarten places and continuing to deliver scholarships for new teachers so we respond to growing demand and reform. The \$46 million announced through the 2013–14 state budget builds on the substantial investment of \$205 million in the 2011–12 and 2012–13 budgets.

The government is making significant investments to support children with a disability or developmental delay. This budget includes \$34.2 million over four years. This funding will lift the overall numbering number of ECIS places to 11 258. This includes the 500 places that I announced last November and 500 additional places announced in the budget. This funding will support early childhood intervention services to enable access to therapeutic support, deliver information and advice that addresses the individual needs of the child and family, support families to help their child's development, link families to services and provide access and coordination of services such as respite.

The Early Childhood Intervention Association recognises the significant contribution, stating that the initiative:

... demonstrates the ongoing commitment of the Victorian government to invest in young children with a disability or developmental delay, and their families, even in lean financial times

The 2013–14 budget delivers a further \$7 million for the children's facilities capital program. We know there are pressures on kindergarten places from the birthrate growth and also from national reforms and we continue to respond to these pressures. The initiative will continue to grow the number of kindergarten places in Victoria and build on the 6718 places provided through our first two grant rounds. The capital program also supports more integrated service delivery, making early childhood services more convenient for families and delivering better outcomes for children. The funding builds on the \$86 million in state and national partnership funding that this government has prioritised for capital expenditure since 2011.

The 2013–14 budget continues access to scholarships and incentives to support improvements in the quality of the early childhood workforce. We know that the qualifications of staff are crucial to the quality of learning and care that children receive. This initiative delivers 4.6 million to support new and upgraded staff qualifications and responds to the demand for qualified staff in the national quality framework. The national quality framework began in Victoria in 2012 and has recently seen the commencement of publicly available assessment and ratings data on early childhood education and care services. Victoria compares well nationally in initial ratings, but we need to continue to develop our workforce. Around 750 staff will benefit through this initiative over the four years.

In conclusion, this government has demonstrated its strong commitment to Victoria's children by delivering over 251 million in new funding since 2011–12. In the 2013–14 budget our \$46.1 million investment will see the number of ECIS places grow to 11 258, continued expansion of access to kindergarten places and around 750 early childhood educators supported to improve their qualifications. The government has made early childhood a priority and we have a strong record of investment to demonstrate this.

**The CHAIR** — Thank you, Minister. We have just over 50 minutes for questions, so I will kick off with the first one. In the context of the 2013–14 budget can you outline to the committee examples of capital infrastructure projects in this portfolio which will be either commenced or completed in this financial year?

**Ms LOVELL** — Thank you, Chair. Firstly I should explain that we do not actually build infrastructure ourselves. As far as capital investment from the budget, our investment in capital actually occurs through grants, so it is through an output funding line rather than a capital line. But this budget allocates \$7 million for the children's facilities capital program, which provides grants to early learning centres to either upgrade existing facilities, extend existing facilities or to build new integrated children's centres and new stand-alone kindergartens, and also to increase the number of places available for children in kindergartens. The total infrastructure spending allocation under the coalition has been more than \$93 million now, and so far this has created more than 6700 additional four-year-old kindergarten places, meeting population demand and particularly meeting that in disadvantaged and vulnerable areas.

This has enabled many services to deliver 15-hour kindergarten programs without displacing their three-year-old programs and other programs. This investment has also helped to integrate kindergarten programs into broader early childhood services — kindergarten programs into long day care — which means that we have quality early childhood programs being delivered in those facilities as well. It has leveraged more than \$140 million in additional investment in early childhood facilities from local government, community organisations and private providers, so it is almost a quarter of a billion dollars invested in early childhood facilities.

We understand that we need to keep up with population growth. I know that the shadow minister actually tweeted last year that we had given enough money to kindergartens, but we are not listening to the shadow minister. We are actually going to keep giving kindergarten grants out so that kindergartens can keep up with growth and can actually expand their services and we can build new services in growth areas where they are needed.

In 2013–14 it is anticipated that more than 140 projects will commence and 66 projects will be completed as a result of our previous grants. Another thing I should explain is that our grants are actually 50 per cent larger than the grants that were available under Labor. Under Labor the grants were up to 200 000 for an expansion or upgrade. We have increased that to 300 000. Under Labor they were up to \$1 million for an integrated children's centre, and we have increased that to \$1.5 million, in recognition that there needed to be more investment in early childhood services.

The investment that we have made so far in our first two grant rounds has actually resulted in there being 26 new integrated children's centres built, 20 new stand-alone kindergartens and 146 upgrades and extensions of existing early childhood infrastructure in this state, so a great result for early childhood.

**Mr PAKULA** — Minister, I want to ask you about the Children's Allied Health Service based at Sunshine Hospital. I think you are definitely aware now, because it has been raised by Ms Mikakos in the house, that that service offers ongoing intervention in fields like physiotherapy and speech pathology for children with conditions like autism spectrum disorders, cerebral palsy, Down syndrome and acquired brain injuries. In March it was revealed that that service could no longer meet the demand and was not going to accept referrals for children starting school in 2014. Has that issue been resolved in the budget?

**Ms LOVELL** — First of all what I would say about Western Health is that we will make sure that all 58 children who need to get an assessment before they start school next year get that assessment, and none of those 58 children that were affected by Western Health's decision will be disadvantaged. As we know, in disability services in all areas demand is growing. It is growing because of a growing population. It is also growing because of an increase in diagnoses of conditions such as autism. It is also growing because of the increased skill of professionals in identifying and referring children to specialist support at an earlier age. That is actually a good thing. We want them to identify children so they are referred at an earlier age.

Western Health's Children's Allied Health Service is located at Sunshine Hospital. Through the Department of Education we provide them with more than \$1 million to provide specialist multidisciplinary allied health services. This involves two things: the therapeutic services that you referred to and also the multidisciplinary assessments. That is the issue that has been raised in the media and by the shadow minister in the house — the issue of the multidisciplinary assessments. The primary use of this service, or to get a multidisciplinary assessment, is actually to access the commonwealth's autism packages and also to access the PSD, the program for students with disability, although there are other assessments that can be done to access the programs for students with disability; they do not actually need the multidisciplinary assessment.

I am aware that Sunshine Hospital did issue a letter that indicated that they were no longer able to accept children for multidisciplinary assessments if they were starting school next year, but I know that they did not contact our department before issuing that letter, and I am also advised that Sunshine Hospital did not have any discussions with their administration at Western Health about that before that letter went out either, so it was disappointing that that letter went out, causing concern without any discussions with the health service or with the funder of the services. When I was made aware of this letter I immediately instructed the department to meet with Western Health about this issue, and there have actually been three meetings held with the relevant senior managers from Western Health. There are plans, as I said initially, in progress for all 58 children who are likely

to be commencing school next year and who are currently waiting to be assessed to get their assessments, and that may be through Western Health or through other assessments.

I am aware that the shadow minister has been raising this issue and has been trying to raise concern in the community about it. She originally got it completely wrong, saying that these assessments were needed to access early childhood intervention services, which they were not. As usual, in her haste to scaremonger, she actually really caused concern in the community.

**Members interjecting.**

**Mr ANGUS** — Listen. Come on, just listen to the answer.

**Mr PAKULA** — No, Neil, we will not just listen to the answer; if the minister wants to be provocative, we will react.

**Mr O'BRIEN** — Surprise, surprise.

**The CHAIR** — Order!

**Mr ONDARCHIE** — To be fair, it is a hospital used as a film studio.

**Ms LOVELL** — Chair, we are getting on with this matter intelligently. We are working with the health service. We have guaranteed that all 58 children will be assessed. In addition, I have also written to the federal minister for disabilities, Jenny Macklin, because these assessments are actually needed for multidisciplinary assessment and actually needed to access the commonwealth autism packages. I have written to the federal minister, asking the federal government to also provide some assistance to families requiring these expensive assessments, and I would encourage the Labor members of this committee to support my request to the federal government to have them provide some assistance to low-income families who need to get these very expensive assessments done in order for their children to access the commonwealth autism packages.

**The CHAIR** — Thank you, Minister. Is there a supplementary there?

**Mr PAKULA** — There is a supplementary, and I am going to resist the temptation to overreact.

**Mr ONDARCHIE** — That is nice of you!

**Mr PAKULA** — I just want to be clear about something, Minister. You have talked about 58 children who are waiting at the moment and said that their assessments will be done, but obviously, as you have already indicated, the demand is continuing to grow. Once these 58 children have been assessed there will no doubt be an ongoing stream of children who need assessment, so my question is: does the budget resolve the issue moving forward, or is this just a stopgap measure to deal with those 58 children? What happens to the next group of 58 children?

**Ms LOVELL** — Dealing with the 58 children is an immediate response. What we are also doing, as I said — and I have written to the commonwealth minister asking her to make some contributions towards the assessments for families who are trying to access her autism packages, but also this program is not just about multidisciplinary assessment. It is also about therapeutic services, and the department are working with Western Health to ensure that the money they have available to them is targeted at children who should qualify for these therapeutic services and is targeted in the right direction. We will work through that with Western Health and then continue to assess the program from there on.

**Mr ANGUS** — Minister, I refer you to budget paper 3, page 78, and the performance measure 'Number of early childhood intervention service places and packages funded annually', and I note that you have touched on that in your presentation. Minister, can you inform the committee of the investment required to achieve the targeted increase and what this means for families requiring support from this program?

**Ms LOVELL** — Early childhood intervention services are actually the only state-funded disability support that is provided to children aged between nought and six, and this is a target group for children who have not yet started school and have a disability or a developmental delay and require those coordinated services. As I have already said, demand has grown over the past few years due to increased birthrates and also due to increased

diagnosis of disability. We know that the earlier we can provide support to these families, the better the outcomes are for these children. That is why we have invested \$34.2 million over four years in this budget for 1000 new ECIS places, and they include the 500 I announced last November and 500 additional ones announced as part of this budget.

This is not the only investment we have made in the early childhood intervention services area. In our 2011–12 budget we also committed \$10 million over four years to provide 246 additional kindergarten inclusion support packages, which has been well received by the sector, and another \$8.2 million to provide an additional 150 ECIS places and 150 ECIS flexible support packages. So the total funding since 2011–12 for ECIS places and packages is \$42 million. We have provided an additional 1150 places and 150 flexible support packages and also \$10 million for additional kindergarten inclusion support packages.

This has been a huge relief for families of children with a disability. This will help to ensure that the benefits of early intervention can be provided to a much greater degree than it was under the former government. ECIS places can also be used to service more than one child; not every child needs the full placement value. That is why we see 11 258 places but a much larger number of children who are actually being serviced by these places. This shows that this government is committed in this area. In fact some of the media releases that came out from the sector supported that. The Victorian chapter of the Early Childhood Intervention Australia, which is a peak body for ECIS, said the budget announcement:

... demonstrates the ongoing commitment of the Victorian government to invest in young children with a disability or developmental delay, and their families, even in lean financial times.

They went on to say that they:

... personally acknowledge the ongoing commitment —

of myself as minister —

... to support young children and their families —

which —

has ensured that thousands of children will receive vital supports now and into the future’.

They said they look forward to continuing to work with me as minister. I certainly look forward to continuing to work with ECIA as well on how we can better improve services for young children with a disability. Early Learning Association Australia also said:

ELAA applauds the government for the recurrent investment in 500 additional early intervention places for children with additional needs.

They went on to say:

It is great to see the government acknowledge the growing demand for services in this area.

They were some glowing endorsements of our investment in early childhood intervention services.

**Mr SCOTT** — I would like to follow up on the issue of ECIS places. You made mention in your presentation, and in budget paper 3, page 8, of the 500 ECIS places that were funded in November 2012, which continue over the estimates period. Many early childhood intervention service providers in Melbourne’s north, including Norparrin in Mill Park and Kalparrin in Greensborough, missed out on receiving any additional places in this allocation. Families in the northern suburbs have been experiencing long waiting periods to access a place. I would be keen to know on what basis you allocated the 500 places announced last year. Was there consideration given to projected population growth and current waiting lists?

**Ms LOVELL** — The 500 places last year were divided between regions around the state. We are trying to find the actual breakdown of those places. There was then a tender process for the services within those regions to tender for the places that were available within the region, and the best tenders were chosen. In the north-eastern region that you mentioned, 55 places went to Noah’s Ark, 24 places to Yooralla, 34 places to Scope, 10 places to the Goulburn Valley organisation, 3 places to Vision Australia and 6 places to Taralye. It was a total of 132 ECIS places in our north-eastern Victorian region. There will be another tender process for

the new 500 places, and if any services missed out in the last round, I would encourage them to work with the department to see how they might improve their application and to put in a new application for the additional 500 places now available.

**Mr SCOTT** — I do want to follow up. Minister, I understand that Norparrin did not get funded for additional ECIS places because the department wants to adopt a funding model which would not enable them to continue to offer support to families within their services, in particular parent-to-parent support, where parents meet with other parents in a similar situation to them. But I understand your department model does not promote that sort of family-centred practice. As my follow-up question, I would like to know why you are denying parents the choice to be part of such a support group?

**Ms LOVELL** — That would not be correct because we are moving to best practice in early childhood intervention services. As part of best practice we encourage family-centred practices that recognise and build on family strength and increase confidence, and assist families to make informed choices and build family capacity to meet the needs of their children. I completely reject the premise of your question.

**Mr O'BRIEN** — I would like to ask the minister a question in relation to budget paper 3, page 74, and the total output figure there for 'Early childhood development'. Could the minister inform the committee of whether this output contains funding for training and workforce development?

**Ms LOVELL** — I thank the member for his question. Yes, this budget does contain funding for training and workforce development. In fact a quality workforce is vitally essential to the quality of early childhood services, and this is something that this government acknowledges. That is why since 2010 we have delivered 1420 Victorian government scholarships to upgrade an early childhood qualification or to allow new qualifications to be attained. In the 2013–14 budget we have committed \$4.6 million over four years to support more workforce initiatives. These include a scholarship and incentive fund to help existing early childhood educators upgrade their qualifications or attract qualified professionals to hard-to-staff positions in rural communities, to encourage our Aboriginal services to take up scholarships and also to assist services in low-income areas.

We are also providing professional development and mentoring to build the knowledge and professionalism of the workforce in areas such as leadership and pedagogy. We also want to support collaboration across professions, like facilitating linkages between playgroups, kindergartens and other early years programs. The scholarships will also enable more Aboriginal educators to become early childhood teachers. Only last week I was visiting Lulla's Children and Family Centre in Shepparton, in my home town, where seven members of its workforce had been recipients of scholarships. They were very excited to tell me of the opportunities that that presented to them for work opportunities, but also the opportunities it presented for them to work with children and to get the best outcomes for our young Aboriginal children in the Shepparton community.

We have also committed a further \$60 000 per annum for professional development incentives and scholarships for the early childhood intervention workforce and also for scholarships for maternal and child health nurses. The budget clearly shows our commitment to workforce improvement and development. We will also add to the money that we have committed through the state budget, through national partnership money, to increase the capacity for more scholarships to be available. This is a legitimate use of the national partnership funding.

**Mr O'BRIEN** — Thank you, Minister.

**Ms LOVELL** — I think Mr Scott's question was about the north-west, and I might have given him the figures for the north-east. If I can have the sheet back, I will give Mr Scott his north-west figures. I do apologise. In the north-west region there were 132 packages — I think that is the same number — 18 of which went to the Education Program for Infants and Children, 15 went to Sunbury Community Health Centre, 10 to Melbourne City Mission, 33 to Noah's Ark, 20 to Scope, 10 to Villa Maria, 5 to Castlemaine Health, 15 to Mallee Family Care, 3 to Vision Australia and 3 to Taraleigh.

**Ms HENNESSY** — Minister, I also want to take up the issue of early childhood intervention places and the parcel of funding that has been identified in the forward estimates. Can you tell the committee whether or not those additional places will be funded at an increased unit cost, given the view communicated in the sector that the current unit cost is neither adequate nor sustainable?

**Ms LOVELL** — As I have already said, the government is committed to delivering improved early childhood intervention services, and that is why we have funded 1150 additional places since we came to government. The sector is absolutely delighted with those 1150 places. They are also delighted that we are actually engaged with them and really working with them to provide high-quality services. We are also undertaking the ECIS review to ensure that best practice is also part of early childhood intervention services. We actually sat down with ECIA Victoria when we were developing our policy for increased places, and we discussed whether an increased unit price or increased places were the most vital investment in this budget. ECIA agreed with us that increased places were the priority for this budget, and that is why we have increased the number of places in this budget.

**The CHAIR** — Thank you, Minister. Is there a supplementary?

**Ms HENNESSY** — Yes, there is. ECIA in their budget submission called for support to be given for families on the waiting list for early childhood intervention services to ensure that they get a minimum level of service until they can access a fully funded place. I understand that earlier this year you said you were looking at some of the trials that have been done around the state, such as the Whittlesea Families in Partnership project, which has now ended. You said at the time that you would cherry-pick the best results from those trials. Has that program been scrapped altogether, and what is available for families waiting for an ECIS place?

**Ms LOVELL** — We are still looking at all of these trials that happened around the state as part of our ECIS reform process. What was the second part of your question? What was available to the families — —

**Ms HENNESSY** — Who are waiting for an ECIS place.

**Ms LOVELL** — There are 1000 new places that will be out there — 500 that are available almost now, which services will be placing people into, and another 500 that will be available very soon, once we have gone through the tender process — so there is tremendous support for families who are waiting for early childhood intervention services through those additional places. ECIA are absolutely delighted, and in their state budget submission, *Building on Victoria's Strengths*, they called on the Victorian government 'to prioritise investment in children and families and build on the great work that is happening' in early childhood intervention — —

**Ms HENNESSY** — They also say to raise the unit price.

**The CHAIR** — Order!

**Mr ANGUS** — Don't interrupt the minister; keep listening.

**Ms LOVELL** — They say, 'In early childhood intervention this call has been heard and answered with this budget'.

**Mr SCOTT** — What about the unit price?

**Ms HENNESSY** — The unit price has not been raised.

**Mr ONDARCHIE** — Minister, I want to ask you about kinder participation, and you know that I am very keen on that, being a former kindergarten president myself. In budget paper 3 on page 78 there is a target for participation that has been increased to 95 per cent. Could you tell us what provisions you have implemented to ensure that those additional kindergarten places can be funded?

**Ms LOVELL** — I thank you for your question. I know your interest. I know that you have a background as a kindergarten president, and I know that you have a great relationship with the kindergartens in your electorate, particularly announcing all those grants that you get to announce out there.

**Mr ONDARCHIE** — Lots of them.

**Ms LOVELL** — You are known as the Kinder King in the north of Melbourne, I believe.

**Ms HENNESSY** — Really?

**Mr ONDARCHIE** — Apparently so.

**Ms LOVELL** — As you know, kinder is a vital first step in a child's education. We know that 95 per cent of a child's brain development happens in their first five years of life, so if we get it right in the early childhood space, we can actually deliver better students to our primary and secondary schools and to our tertiary institutions but ultimately better applicants for jobs in the workforce, and therefore we continue to the state's productivity through what we invest in early childhood education.

To get to the expected measure of 95 per cent we have worked hard over the last few years to raise participation in kindergarten in Victoria. In 2011 I actually announced enrolment-based funding for kindergartens in this state, which caters for the growth of children wanting to participate in kindergarten. Before enrolment-based funding, every year the minister for early childhood had to go back to the expenditure review committee and ask for funding for kindergarten places. We now have guaranteed funding, the same as they have for school-based enrolment funding. There will be a funded place for every child who turns up to a kindergarten program in this state, which has been a great outcome, and we have seen 2250 children accessing those additional funded places that were covered within the enrolment funding. That cost in 2011 was \$4.7 million to the state, and in 2012 it was \$5.7 million.

The target of 95 per cent actually reflects the target for universal access to 15-hour kindergarten programs, which is that 95 per cent of children will be attending a 15-hour funded kindergarten program. Our ability to increase this target has been a testament to our efforts to date, particularly the implementation of enrolment-based funding, workforce programs and investment in infrastructure and inclusion services. The target increase is possible because we have provided an additional \$110 million in state and also \$93 million in national partnership funding to support the provision of kindergarten since we came to office. This has included \$28 million in state funding towards the children's capital program and \$65 million of national partnership funding, \$6 million to support small rural kindergartens, \$14 million for kindergarten cluster management, and \$41.5 million for early childhood education and care for vulnerable three-year-olds known to child protection.

When we engage them in three-year-old kindergarten, we can actually work with those children over two years and it feeds them into a four-year-old program; so there is a better outcome if we can get to those vulnerable children at the three-year-old program, rather than just wait till they come to a four-year-old program. But as I said, 95 per cent is the target for universal access to a 15-hour program. Last year we actually exceeded that target in children participating in a program — but some were in 10-hour programs — and last year we had the highest ever participation rate in Victoria at 97.9 per cent.

**Mr ONDARCHIE** — Thank you.

**Mr PAKULA** — Minister, I also want to ask you about kindergarten places. Budget paper 3, page 77 shows that the expected outcome for the number of children funded to participate in kindergarten this financial year is just under 73 000 but that your target for next financial year is 71 000, so it is about 2000 under what you say will happen this year. Underneath that there is a footnote which says, 'This performance measure includes second year participants' — which I understand to mean a second year of four-year-old kinder and not four-year-old kinder. You have also this year published updated guidelines to further assist teachers in assessing the eligibility of a child for a second year of funded kindergarten. I suppose my question is: what is the correlation between those updated guidelines on the one hand and your expectation that next year there will be less children accessing funded kindergarten places than there are this year?

**Ms LOVELL** — What I would say to you is: there is no correlation between those two analogies that you drew. But I would point out to you on page 77 again that the actual participation in 2011–12 is also greater than what the target was for 2012–13. The target is set by the number of births that we expect in that year, but we may have more children who have moved into the area, particularly if we have large migration into Victoria. So this is just a prediction; we will fund a place for every child who comes to an early childhood centre in Victoria.

**Mr PAKULA** — Okay, you say you will fund a place for every child, but that is not the case necessarily with kids applying for a second year of kinder. You would be aware that the Diamond Valley and Eltham Kindergarten Teachers Association has raised the concern that the new process is far more onerous than the old process; that it requires the documentation of numerous meetings with the family of the child considering a second year of kindergarten, also with the school, the child-care centre and with the preschool field officers; and that the previous process was nowhere near as onerous as this process. My supplementary question, Minister, is in terms of this new updated guideline which at least one kindergarten teachers association has said is going to

make it much harder for kids to get a second year of kinder, how much are you budgeting to save as a result of that new process?

**Ms LOVELL** — There is no budgeting of savings from the new process, and the Diamond Valley kindergarten association is the only association that has raised any concern with me about the new process.

**Mr PAKULA** — So they are wrong, are they?

**Ms LOVELL** — Everyone else is working with that quite clearly, but I am advised that the new process is actually no more onerous on the services and what it does is it provides clarity and it aligns with good practice.

**Mr PAKULA** — Okay, we will take that back to them. I am sure they will be pleased to hear it.

**Mr ANGUS** — Minister, I refer you to budget paper 3, page 78, and in particular the performance measure ‘Total number of maternal and child health service clients (aged 0 to 1 year)’ and the large increase in that measurement there. Minister, can you inform the committee of how additional places will be funded and the importance of ensuring that all parents can access these services?

**Ms LOVELL** — We have seen sustained increases in the birthrate in Victoria driving additional demand for maternal and child health services, and this budget increases the target for the number of maternal and child health service clients aged in that 0 to 1-year target from 70 000 in 2012–13 to 73 000 in 2013–14. Last year the government made the biggest ever investment in maternal and child health in the history of this state — \$79 million in investment over four years in maternal and child health services. This provided \$62.7 million over four years to boost the universal maternal and child health service that provides access to 10 free key ages and stages consultations for children in partnership with local councils. It also provided \$16.3 million over those four years for the enhanced maternal and child health program that services the 10 per cent of our most vulnerable families in Victoria who need more intensive support. As I said, this constituted a record investment in funding and I was pleased that, following this funding being announced, we were able to reach a new memorandum of understanding with the Municipal Association of Victoria to sustain and expand maternal and child health services in Victoria.

Maternal and child health services are important because they provide critical support from birth to support families with health promotion, early detection and intervention where necessary. By identifying the need for further intervention we are able to provide the right support to families at the right time to help them to foster networks that will deliver improved developmental outcomes for their children. The enhanced maternal and child health service of course builds on the universal platform by providing additional targeted services to children and families at risk of poor outcomes. This target increase was possible because of the government planning for the future, recognising that we have an increased birth rate and increasing funding. The MAV were absolutely delighted with this.

When I was the shadow minister, the MAV and many councils used to tell me that the funding ratio of 50-50 between state and local government for the universal platform had slipped significantly, that local government was funding these services more and more and that the state’s contribution was not keeping up with demand. The MAV actually put out a statement following our new memorandum of understanding and the new funding being announced. They said that they:

... have now successfully negotiated a revised unit price that reflects increased costs and growth in the service, which will maintain the 50-50 state-local government funding commitment to the universal service as outlined in the MOU.

They were absolutely delighted that it provided a more than an 8 per cent increase to maternal and child health funding in this state.

**Mr SCOTT** — Minister, I refer you to budget paper 3 and to a subject that has come up previously, which is the funding for kindergarten infrastructure, which is listed under ‘Children’s facilities capital program’ of \$7 million in 2013–14, with no additional funding for the out years beyond that. I am really trying to find out some information relating to the funding that is expended in your areas of responsibility — what grants come to you from the federal government and what is state money. I accept that some of it might have to be taken on notice, but in that particular item and in other items could you outline a breakdown of state versus federal funding across the programs and services in your portfolio, but as a first instance in terms of that capital funding?

**Mr O'BRIEN** — A point of order on clarity, because you just said, 'Other items generally' — —

**Mr SCOTT** — Other items in her areas of responsibility.

**Mr O'BRIEN** — So all the areas in her portfolio?

**Mr SCOTT** — Yes. I would only ask ministers about their responsibilities.

**The CHAIR** — Thank you, Mr Scott.

**Ms LOVELL** — I thank the member for his question, and I can tell the member that of the \$7 million that is committed in this budget for the children's capital program there is no federal money included; it is all state money.

In our budget this year out of the \$543 million there is a component of federal money. We have \$3.4 million for Indigenous early childhood development; there is \$400 000 for the healthy kids health checks; and there is \$4.6 million for the national quality agenda on early childhood education and care. There is in our budget a figure of \$114.4 million towards the national partnership on early childhood education. This is the figure that was also in the forward estimates of the federal government's budget — \$114.4 million to come to Victoria this year. However, in the recent national partnership negotiations the commonwealth has slashed that funding. They have cut \$21.7 million from the early childhood budget for Victoria, and there will only be \$92.7 million delivered to Victoria to deliver what was a federal Labor government election commitment of 15 hours of kindergarten. So it is \$21.7 million less than the commonwealth predicted would be the cost of this program. The first national partnership that the commonwealth offered to the states was absolutely appalling and was rejected by every state and territory because it actually had declining funding over the three years of the national partnership, and we know the birth rates for Victorian children in those years already. We know they have increased, not declined.

In our state budget this year, what should have been \$543 million will be significantly less — \$21.7 million less — because of the federal government's cuts to our funding. There will be \$420 million of state funding and \$101 million of federal funding.

**The CHAIR** — Supplementary?

**Mr SCOTT** — Yes. On the matter of the \$7 million for kindergarten capital funding, you would be aware that Regional Cities Victoria has made estimates of needs, particularly over a number of years. Under the high-growth population scenario for 2031, there is an estimated 1650 kindergarten places for Greater Geelong; Greater Bendigo, 290; and Greater Shepparton, 140. I would be interested to know exactly how many kindergarten upgrades or expansions the \$7 million will provide and how many kindergarten places that will entail.

**Ms LOVELL** — Thank you. It is actually impossible to predict what will happen with the \$7 million, because it will be part of a competitive grants process. It depends on the applications to that grants process and how much is requested from each application as to how far that money will stretch.

As I have already said, from our investments so far we have seen 192 centres benefit from our first \$86 million in funding, and 26 brand-new integrated children's centres. These are fantastic facilities, if you have ever seen them. They are facilities that not only have kindergarten programs running in them; they also have long day care programs. They have places for maternal and child health to be run out of, they have places where people can visit early childhood intervention services and use those offices. They also have playgroups and parents groups. It really is a one-stop shop for people with small children. Many of these are co-located with primary schools, which also makes it even more convenient for those families who have a child at primary school, maybe one at kinder and one in maternal and child health. It also provides for better transitions for children as they move through the different services — be it a playgroup, three-year-old kinder, four-year-old kinder or even on to primary school.

It is fantastic that we will have 26 new integrated services around the state, including two in some rather remote locations, in Donald and in Tallangatta, so great outcomes for those communities. We will also have 20 new stand-alone kindergartens that have benefited from these grants, and 146 centres will be upgraded and extended

to allow additional places. I gave the figure earlier, but it was something in excess of 6000. I cannot remember the figure now, but it is well in excess of 6000 additional places that have been provided through those grants.

**Mr O'BRIEN** — Minister, I would also like to ask you a question in relation to kinder participation. I have an interest there with my two youngest children. I would like to refer to budget paper 3, page 78, and ask about the target increase for kindergarten participation. I ask you to inform the committee of the percentage of Victorian services that are providing a 15-hour kindergarten program and the efforts undertaken to ensure that the 15-hour kindergarten programs are actually available?

**Ms LOVELL** — I am delighted to talk about the success that we have had in implementing the 15-hour programs in Victoria. We have actually had a take-up at this stage of 93.8 per cent of services that are actually delivering 15-hour programs. Now when we came to government the sector was in disarray. They were most concerned that they would not be able to deliver these programs, and they expected that only 60 per cent of services would be able to deliver a 15-hour program this year. The MAV was saying we should push this out to 2020. We started working with them, they revised that and said 2016, and then when we worked with them more intensely we have had this fantastic result of 93.8 per cent of services to date. That actually changes on a weekly basis, and we are confident that we will achieve the 95 per cent of services in this year.

As I said earlier, last year we had our highest ever participation in kindergarten programs of 97.9 per cent — a fantastic result in Victoria that means nearly every child is accessing a kindergarten place. In getting to the 93.8 per cent of kindergartens delivering 15-hour programs, Victoria did face significant challenges, and some of the key obstacles included the back-ended nature of the commonwealth funding. It was \$210 million to that national partnership — 109 million of it was delivered in the very final year of the partnership, so that is more than 50 per cent; 170 million of that was in the last two years. So it did not give the state the opportunity to start up five years ago and get ready for this, and that is why the sector was so panicked by the time we got to government, because they did not see anything being done to assist them to deliver these programs.

Also, Victoria's sector was already at near capacity; most of our services were full to over-brimming and they needed to expand. That is why our grant program has been taken up so successfully. I should say, too, that every application for a grant in the last two years that qualified has been funded. There has not been one grant that qualified that did not get any money, and every grant has been funded to the full amount of money that the service asked for. That is very pleasing to us as well. I have often said before that the former government actually signed up to the national partnership without doing the due diligence that the impact would have on Victoria's kindergarten sector. This government has taken a proactive approach to working with kindergarten services and to working with ELAA and the MAV in order to better implement this program. Our proactive approach included developing a comprehensive implementation plan —

**Mr PAKULA** — How come you have to read it then?

**Ms LOVELL** — allocating significant amounts of funding for capital programs, workforce and planning and —

**Members interjecting.**

**The CHAIR** — Order!

**Ms LOVELL** — the provision of a single higher kindergarten rate. When we came to government there were actually only 80 services delivering 15-hour programs. There are now 1934 services that cater to 93.8 per cent of the children, so 93.8 per cent of services are delivering and 93.8 per cent of children are receiving 15-hour kindergarten programs. But, Chair, I would like to publicly thank the MAV and also the Early Learning Association of Australia, which worked with us to implement this program. They were fantastic in their advocacy and their support of their services in order to implement 15-hour programs.

**The CHAIR** — Thank you, Minister. Bearing in mind the time, we still have a couple of minutes for a fairly quick question.

**Ms HENNESSY** — Terrific, great, because I have a couple of questions. Thanks, Chair.

**The CHAIR** — You will get one.

**Ms HENNESSY** — Minister, I wanted to ask about the maternal and child health clients with children aged zero to one receiving enhanced maternal and child health services. In 2011–12 the actual was 16.9 and the expected outcome for 2012–13 is 15. Why would we put such a low target, at 10, when we have had two years of 15 and 16.9 in the performance measures, particularly when the enhanced program targets the most vulnerable children in the child protection system, or Aboriginal and Torres Strait Islanders? Why would we have such a low target against what the pattern has been over the past two years?

**Ms LOVELL** — Actually what I really could do is just refer the member to the question from last year, because exactly the same question was asked by the opposition last year. This is a program that actually targets 10 per cent of the most vulnerable families, and that is why the target is 10 per cent. It targets 10 per cent of vulnerable families for the enhanced maternal and child health program. The good results we see of the percentage of families receiving that service is a result of local government actually overachieving their targets. Local governments actually make their decisions around how they allocate their services and the services that they want to deliver to their local families. But they also, many of them, actually supplement the enhanced maternal and child health program in order to service more families in their communities as well. With the universal maternal and child health, that is a 50-50 funding contribution from state and local government; the enhanced maternal and child health is funded purely by the state. But if a local government chooses to supplement that income and to service more families, that is a fantastic effort on their behalf.

**Ms HENNESSY** — So why would we not lift the target and strive for greater penetration?

**The CHAIR** — Order!

**Mr ANGUS** — Listen.

**Mr PAKULA** — You are quick on the dump.

**Mr ANGUS** — Yes. Well, stop interrupting.

**Mr PAKULA** — Most of the noise comes from your side.

**Mr ANGUS** — No, it does not.

**The CHAIR** — We are not here to have a conversation. I did indicate that time was tight. Time has concluded. I thank the minister, the secretary and the department for their attendance this afternoon.

**Witnesses withdrew.**