

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2012–13

Melbourne — 16 May 2012

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 R. Bolt, Secretary,

Mr P. Linossier, Acting Deputy Secretary, Early Childhood Development Group,

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

Mr M. Maher, Executive Director, Programs and Partnerships Division, Department of Education and Early Childhood Development.

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

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2012–13 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, and from the Department of Education and Early Childhood Development: Mr Richard Bolt, secretary; Mr Paul Linossier, acting deputy secretary, early childhood development group; Mr Jim Miles, deputy secretary, infrastructure and finance services group; and Mr Michael Maher, executive director, programs and partnerships division.

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 PAEC secretariat are to approach PAEC 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 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. 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.

As previously advised to witnesses here today, I am pleased to announce that these hearings are being webcast live on the Parliament's website. It is the best show going, really!

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. The 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 to be verified and returned within two working days of the 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 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.

I ask that all mobile telephones be turned off.

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 children and early childhood development portfolio.

Ms LOVELL — Thank you, Chair. It is great to be back here with the Public Accounts and Estimates Committee to present what is another bumper budget for early childhood development this year. This government went to the election with a clear commitment to Victorian families. We believe that families are the first and most important teachers in our children's lives, and we recognise that families, particularly vulnerable families, need support to ensure their children have the very best chance to reach their full potential. That is why we have focused on providing resources and support for frontline services in early childhood.

Overheads shown.

Ms LOVELL — Our vision is consistent with international research. The graph on this slide was developed by Professor James Heckman, a Nobel Laureate in Economics at the University of Chicago. It shows that programs and funding targeted to the early years provide the greatest return on investment. You can see from the slide that the greatest return can be gained in the 0–3-year age and then again in 4–5 years, and then it

plateaus out from there through the rest of our lives. The evidence is unequivocal. Acting early is the single most powerful way to improve our children's development and their future prospects at school and beyond.

This slide highlights the achievements to date in this portfolio, and last year we had \$101 million, which was a 10.8 per cent increase in funding for early childhood development in that year. Some of the highlights of that were that we secured enrolment-based funding for kindergarten, which means we do not have to go back to the budget estimates committee every year asking for kindergarten funding. It is now secured and ongoing for every child who enrolls in a kindergarten program. We also increased the kindergarten fee subsidy by \$41.5 million. In the ECIS and KISS areas we provided \$18.2 million, \$8.2 million to provide 150 additional ECIS places and 150 additional support places. In KISS we were very proud to deliver 246 additional places to assist children to attend kindergarten.

In the maternal and child health area we put \$3.7 million into the maternal and child health helpline that takes over 100 000 calls from families annually. We also invested in the maternal and child health nurses scholarship program — \$180 000 to train additional maternal and child health nurses.

In infrastructure we had the single largest ever infrastructure grant round in the history of Victoria, of \$26 million. We also invested in IT and equipment grants of \$3.4 million, and we actually funded the Toolamba kindergarten that the former government had left in the lurch after their kindergarten burnt down and gave an advance to the City of Greater Geelong to start work on the Barwon Heads kindergarten. It actually came to \$30.4 million that was invested in early childhood capital grants in that year.

In workforce we sponsored 392 scholarships, including training 170 teachers with early childhood degrees.

There are a lot of challenges that we face in this portfolio for 2012–13 and beyond. We need to focus on providing support to vulnerable children and their families. We also need to keep working on implementing a range of reforms in early childhood. We want to maintain the strengths in our universal service system, and we also need to meet the challenges of a growing population and demand for services.

This next slide shows you that Victoria has significant population growth, and we continue to experience that growth in the early years. This puts pressure on us straightaway because from day one these children are in our services, in maternal and child health, and it is not long before they are looking to playgroups and to 3-year-old and indeed 4-year-old kindergarten.

There has been a 21 per cent increase in birth notifications since 2000–01, and by 2016 births are expected to exceed 75 000, compared with 71 735 births in 2011. The map on the slide demonstrates that population growth is not occurring uniformly across the state. The most significant growth is occurring around the metropolitan area, with particular growth corridors in the west, north and south of Melbourne. Over the last two budgets the Victorian government has invested substantially in funding through a kindergarten fee subsidy, kindergarten cluster management and capital programs to address these pressures.

The Victorian government is committed to continuing to implement reform in early childhood to improve services for children and families. This includes meeting our obligations in relation to national reform. The implementation of the national quality framework will continue to be a focus for Victoria, including the commencement of the assessment and ratings process, which will ensure an integrated and transparent regulatory system focused on quality improvement.

The Victorian government is working towards providing access for all children to 15 hours of quality early childhood education programs in the year before school. However, providing a 15-hour program should not be at the expense of other early childhood programs, such as three-year-old kindergarten, or it should not be at the expense of some four-year-olds missing out on a place for others to gain 15 hours. While it is pleasing that a significant number of kindergarten service providers will be ready to offer 15-hour programs in 2013, others will need more time. In order to reflect this the Victorian government will offer two funding rates in 2013: one for a 15-hour program and one for a 10.75-hour program. Those services unable to implement 15 hours by 2013 will not be penalised. We will continue to work with these providers to facilitate a considered move towards 15-hour programs.

We are working in partnership with the early childhood intervention sector to implement sustainable reforms to continue to improve the support available for children who need early childhood intervention services and their

families. The commonwealth government has announced a commitment to provide an initial share of funding to support the launch of the national disability insurance scheme, and we support the implementation of the NDIS to optimise opportunities for children and their families accessing ECIS services. Improving the transition for children with a disability or development delay from the ECIS services to school is also a priority for this government.

This year's budget was a budget that was delivered in a very tough economic environment, and tough decisions need to be made across government. But, Chair, I believe that in tough economic times the soul of a government can be seen through the areas that it prioritises for funding, and the early years have been an absolute priority for the Baillieu government. We are 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 maternal and child health services, and service provision for vulnerable families and their children.

This year's budget has delivered \$104 million in new funding to early childhood, a 17.6 per cent increase on the 2010–11 budget in total spending for early childhood development. This builds on the substantial investment of 101 million in last year's budget. In fact VCOSS, in their analysis of the state budget — where they do their real effective benefit — rated early childhood as the highest area of investment for this year's budget across all sectors of government, and it was very pleasing that they noted that increase in this funding. Also, it was pleasing for me to be able to deliver that to the early childhood sector.

In this year's budget the Baillieu government is making the largest ever investment in maternal and child health. We have invested 62.7 million in the universal maternal and child health system and 16.3 million in the enhanced maternal and child health program. These provide services that are critical to a child's early health, learning and development, and maternal wellbeing. This funding will ensure that the universal maternal and child health program provides access for over 73 000 newborns and their families annually. Investment in universal maternal and child health also creates a solid platform from which we can ensure targeted intervention to children and mothers who are most vulnerable, and the enhanced maternal and child health service provides more flexible and intensive support to the 10 per cent of most vulnerable families each year.

One of the biggest challenges Victoria faces is the protection of our most vulnerable and disadvantaged children and young people. In January 2011 the Baillieu government commissioned the Protecting Victoria's Vulnerable Children Inquiry. In addition to enhancing maternal and child health, which I have already mentioned, the government is committed to providing critical programs that respond to the findings of that inquiry. We have committed 16.5 million for engaging vulnerable families in early learning, which will support vulnerable families with children aged from six months to four years to access supported playgroups and strengthen home learning and early home learning services. We have also invested \$8.3 million for early childhood education and care for vulnerable three-year-olds, to provide free access to kindergarten for three-year-olds in the child protection system. This funding has now been provided ongoing rather than on a limited basis.

That is something that I really should note about both of these programs, because I am especially delighted to note that we have locked in ongoing funding for the supported playgroups, for Smalltalk and also for the free three-year-old kindergarten for vulnerable children. As with many of the programs funded by the previous government, all of these programs had time-limited funding for which there was no commitment to continue. We now have secured ongoing funding for those programs. This measure shows that the government is thinking long term about issues surrounding vulnerability and early childhood development.

In conclusion, the government has demonstrated its strong commitment to Victoria's children by delivering over \$200 million across our first two budgets, with this year's investment ensuring that over 73 000 newborns and their families will have access to maternal and child health services, with the most vulnerable receiving enhanced support. Vulnerable children and their families will be provided with the best supports, including home learning support and free kindergarten for three-year-olds in child protection. Victoria is preparing for the challenge of universal access to 15-hour kindergarten programs, with \$80.4 million for early childhood facility grants and additional grants for small rural kindergartens and IT.

The CHAIR — Thank you, Minister. We have now approximately 45 minutes for questions in the children and early childhood development portfolio. May I ask: given the key growth and efficiency initiatives announced in the budget, can you please outline for the committee the likely impact of the budget on enhancing service delivery, promoting productivity and achieving efficiency gains within your portfolio? In responding,

could you also indicate how you intend to monitor the portfolio's effectiveness in maximising improvements in these areas?

Ms LOVELL — As I have already said, I was delighted that this year's budget did include a 17.6 per cent increase in funding for this area, building on a 10.8 per cent increase in spending in the previous year. This increase in spending will be directed to front-line services and programs, particularly those that are aimed at improving health, learning and development outcomes for vulnerable children.

One hundred and four million dollars in new funding has been invested in children and early childhood development in this year's budget. This comprises 62.7 million that we have put into the universal maternal and child health service and also 16.3 million for enhanced maternal and child health, as well as 16.5 million for engaging vulnerable families in early learning and 8.3 million for vulnerable three-year-olds known to child protection to ensure that they have access to a free kindergarten program. The implementation of all these new initiatives is monitored by the department, and this includes the evaluation of programs to ensure that they are maximising benefits for Victorian families. Program efficiencies and improvements in the early childhood portfolio are also being identified to strengthen service delivery.

Investment in early childhood can save many dollars later on and, as the Heckman curve showed, the investment in early childhood is absolutely vital. For every dollar that we put into early childhood, it is believed that we save \$17 later on. That is a real investment in these children's lives because it brings about a better opportunity for them to reach their full potential but it also means that they are less reliant on other services later in life.

The CHAIR — Thank you, Minister, for a relatively succinct response. I ask: can you inform the committee what you consider to be the likely impact on community stakeholders in the portfolio of the initiatives?

Ms LOVELL — The early childhood initiatives demonstrate that the government is committed to Victoria's children, with \$104 million in new funding and \$101 million in the last budget. This constitutes a 17.6 per cent increase on top of our 10.8 per cent increase. I will keep saying that, because I am very proud of it. These are significant outcomes in tough economic times, and I often think about what more we could do with the \$2 million a day that was wasted on the desalination plant and the millions more wasted on bungled IT projects and overspend on fast rail. If only we had that money to be spending it in early childhood today. These things happened under the former government and we are about fixing these problems and building the future, and the key to the future is our children. In tough economic times the soul of a government can be seen through the areas that it prioritises for funding, and this government has prioritised early childhood for funding in this budget.

We are working with the sector to make sure that the best results are achieved through our significant investment. We are working with the MAV to maximise the return on our record investment in maternal and child health. We are working with local councils to facilitate infrastructure development, with over \$80 million in infrastructure grants announced to date. We will continue to work with Playgroup Victoria to ensure that supported playgroups are available to around 40 000 families in Victoria. We are also working with KPV to assist families and kindergarten services in providing reforms. I recently provided \$250 000 to KPV to help services implement the national quality framework, which is a significant national reform but particularly impacts on kindergartens because they have never had to go through an assessment process before.

These announcements have all been very warmly welcomed by the sector and VCOSS noted that early childhood development services received the largest percentage increase in investment under this budget. It is clear where we stand. The sector is aware of this, and we will work with them to ensure the best outcomes for children. We are also working with Early Childhood Intervention Australia around ECIS reform, and we expect some real developments in this area later in the year. The budget is a clear indication of the government's priorities. It provided significant support for the sector, and I am very proud of this.

Mr PAKULA — Minister, budget paper 3, page 19, has the asset investment for the department. It is clear from that that there is no funding for capital infrastructure for kinders, either new or existing. You have talked about the 15 hours and you made it clear that for 2013 there would be differential funding for, I think you said, 15 and 10.75 depending on the kinder and that those that did not offer 15 would not be penalised. So my

question is simply: if it is not going to be 2013 when all kinders have to provide 15 hours for four-year-olds, what year will it be that all kinders will provide 15 hours for four-year-olds?

Ms LOVELL — I thank you for your question, because it does give me the opportunity to talk once again about our \$80.4 million in infrastructure grants. We actually have \$80.4 million in grants out there at the moment. That is a huge investment in early childhood infrastructure. When you say there is no money available for infrastructure, that is completely wrong. There is \$80.4 million. I look forward to announcing many of those grants later this month and to another grant round being open to local governments so that they can apply for grants to build additional early childhood infrastructure.

We are committed to the goal of universal access to 15 hours of kindergarten. It is called universal access as a sort of a general name for this program, but I think it should be noted that in Victoria we have actually had universal access to kindergarten for a long, long time. It is only the 15 hours that changes — from 10 hours to 15 hours. We are offering two programs, two levels of funding, for next year: 10.75 hours and 15 hours. That is because we know that many of our services are not yet ready to deliver the 15 hours. What we know is that if we forced everyone to go to 15 hours next year, there could possibly be as many as 12 000 four-year-olds who miss out on a place in a Victorian kindergarten. I am not prepared to see that happen. That is not universal access, because that is children missing out on a place. So what we have implemented is a practical solution to fund those kindergartens who are ready to provide 15 hours with the funding for a 15-hour program and to allow other kindergartens to continue to deliver 10.75-hour programs while we work with them towards getting them up to a 15-hour program.

We have said publicly before, and the MAV has said publicly, that we believe a more realistic time frame for this would be at around 2016.

Mr PAKULA — Just to take your last point — I am not sure if you understood the question — I understood what you said about 2013, and I referred to it myself during the question. So from your last comment when you say a more realistic time frame is 2016, should the committee understand that it will not be an obligation in 2014 or 2015 to offer 15 hours, but it will be an obligation in 2016? Is that what you are saying?

Ms LOVELL — We are actually working with those kindergartens, and we would hope to have as many kindergartens coming on board to deliver their 15-hour programs as soon as possible. The MAV initially started saying that 2020 was a realistic time frame. We have worked with them, and they believe 2016 is that realistic time frame. What we are saying is that we will actually work with kindergarten services to ensure that they can deliver 15-hour programs as soon as possible, but what we do not want to see is children on waiting lists or three-year-old programs displaced. So we will not be forcing kindergartens next year; we will actually be working with them, and once we have next year operating with the majority of kindergartens in 15-hour programs, I am sure we will be able to better identify time lines for the delivery of that.

But I would quote to you from a press release from Minister Garrett that says that:

... all states and territories have agreed to aim for 15 hours a week of early childhood education for every child in Australia.

But the key point is that the commitment allows flexibility in how it is implemented. It is not mandatory ...

Mr PAKULA — That is all I am trying to get.

Mr MORRIS — Minister, I refer you to budget paper 3, page 102, which is the early childhood development output, and I am wondering if you can expand on the investment being made by the government in the universal maternal child health program and the basis that this provides for discussion with the MAV for co-funding of the service.

Ms LOVELL — I do thank the member for his question. As part of our commitment in this budget for early childhood development we have delivered the largest ever investment in maternal and child health services. This year's budget includes \$62.7 million over the next four years for universal maternal and child health services to provide free access for 10 free key age and stage consultations, and this will enable an additional 10 000 children to participate and most importantly that very large figure of 73 000 newborns and their families annually.

This funding will ensure that the maternal and child health service continues to provide through a partnership with the state government, the Municipal Association of Victoria and local government. This partnership sees, as I said, 73 000 newborn children and their families provided with maternal and child health services each year. The service will continue to support families and their children with an emphasis on parenting, prevention and health promotion, development assessment, early detection and referral, and social support. In addition the maternal and child health service can help to identify children and families who require further assessment, intervention, referral and all support. It brings families together, fosters social networks, supports playgroups and strengthens local community connections. It also delivers other services and supports such as family support services and immunisation.

The memorandum of understanding with the MAV expires in 2012, and negotiations are under way with the aim of finalising a new memorandum of understanding for 2012–13. The MAV have stated that they believe that with the increased funding this year they expect that a 50-50 contribution can be established between government and local councils. This shows government's commitment to the maternal and child health system, along with our \$3.8 million investment in the Maternal and Child Health Line last year, which also responds to over 100 000 calls from families, as well as the maternal and child health system's supporting 73 000 newborns and also those additional children that are still in that system until they reach their 3.5-year check.

Mr SCOTT — Minister, I would like to return to the issue of the implementation of 15 hours kindergarten for four-year-olds. I understand in the house on 19 April you conceded that — I think it was for next year — approximately 60 per cent of services will be providing 15 hours, and I also understand that failing to meet the 15-hour standard may result in the loss of \$100 million of federal funding to Victoria. So I ask: what are you doing to prevent the loss of this funding?

Ms LOVELL — I just quoted from the minister's press release that this is not mandatory, and the federal minister has also said that no service will be required to close if they are not able to operate to the equivalent of 15 hours per week by the target date of June 2013. He said that in a letter to my colleague Dan Tehan, the member for Wannon. So if we did not offer two levels of funding, kindergartens would be required to close, because they would not have the funding to operate, so that is why we are providing two levels of funding next year.

I have been advised by my department that there is no capacity within the national partnership or within our bilateral agreement for the federal government to withhold that funding. We have actually met all our reporting requirements to the federal government, and they are the triggers for the extension of funding under this program. But of course this is a national partnership that does expire at the end of 2013, and there need to be further negotiations with the federal government to secure ongoing funding for what was a federal Labor 2007 election commitment.

Mr SCOTT — I would like to follow on from the comment that the minister made regarding two tiers of funding. You stated earlier that some were funded for 15 hours and some were funded for, I think, 10.75 hours. What will you do to prevent this two-tier system from becoming semi-permanent, and what proportions of kindergartens do you see being in the 15-hours and the 10.75-hours funding streams over the estimates period?

Ms LOVELL — We estimate that around 60 per cent of providers of services will provide 15 hours in 2013. We would like that to be higher but that is what our estimate is at this stage, and we will work with that remaining 40 per cent to ensure that they can work towards providing the additional hours of kindergarten. As I said, this is a practical solution for next year to ensure that children do not miss out on a kindergarten place or to ensure that services do not close because they are unable to provide the 15-hour programs. Mr Scott, if you would like us to move to 15 hours as of next year, I am sure you can answer to the 12 000 parents whose children would miss out on a place.

Mr ANGUS — Minister, I refer you to budget paper 3, page 102, under the performance measures for early childhood development. Can you inform the committee of the investment in the enhanced universal maternal and child health program, what this means and how this is related to the government's commitments in the area of protecting Victoria's vulnerable children?

Ms LOVELL — Thank you very much for your question, Mr Angus. This \$16.3 million that we are investing in enhanced maternal and child health also forms part of a comprehensive package that we have in

response to the inquiry into protecting Victoria's vulnerable children. The enhanced maternal and child health program provides services to 10 per cent of the most vulnerable families in Victoria. The funding that we have provided for the enhanced maternal and child health combined with the funding for the maternal and child health service forms part of what is a record investment in maternal and child health this year.

The enhanced maternal and child health service is provided in addition to a suite of services offered through the universal maternal and child health service and provides a more intensive level of support to these vulnerable families. The enhanced maternal and child health service responds to the needs of children and families at risk of poor outcomes, in particular where there are multiple risk factors. This funding will ensure additional support for families experiencing significant early parenting difficulties and it will ensure improvements in family functioning and the health and wellbeing of vulnerable children and their families. It will also assist with early identification and intervention, particularly for children and families at risk, and it will improve linkages with other early childhood support systems, including maternity services, family support and early intervention services.

I might add that whilst the universal maternal and child health program is funded 50-50 between the state and local government, the enhanced maternal and child health service is actually funded 100 per cent by state funding.

Ms HENNESSY — Minister, I just want to ask you a question about figures. In budget paper 3, page 98, footnote (c) states that:

The higher 2012–13 budget primarily reflects enrolment growth, price escalation and commonwealth national partnership funding.

What amount in the early childhood development output is directly from the federal government as part of the commonwealth national partnership funding?

Ms LOVELL — Thank you, Ms Hennessy. It was page 98?

Ms HENNESSY — Yes, page 98. Essentially my question is: what amount of money did you directly get from the federal government as part of the commonwealth national partnership funding?

Ms LOVELL — Obviously this funding would have some federal funding in it that forms part of the national partnership — —

Ms HENNESSY — How much is my question.

The CHAIR — Ms Hennessy, just let the minister respond.

Ms LOVELL — agreement between the state and the federal government. I do not think we have that split with us today, but I am happy to provide that information to the committee.

The CHAIR — You will take that on notice?

Ms HENNESSY — Yes, please. If you could take that on notice and just a breakdown of what that funding is used for.

Mr O'BRIEN — Minister, I would just like to take you to the issue of free kinder for three-year-old children in child protection, and I refer you to budget paper 3, page 4, under the heading 'Early childhood education and care for vulnerable three-year-olds known to child protection'. I ask you, Minister: can you inform the committee of the nature of this investment in vulnerable three-year-olds known to child protection, what this means and how this relates to the Victorian government's commitments in the area of protecting Victoria's vulnerable children?

Ms LOVELL — I thank Mr O'Brien for the question. This is a great initiative — \$8.3 million being provided for early childhood education and care for vulnerable three-year-olds known to child protection. I think one of the most important things about this is that this is a program that was funded time-limited under the former government and we have now secured ongoing funding for this, so we will not have to go back to BERC and ask for funding to ensure that those three-year-olds known to child protection continue to have access to free kindergarten.

This builds on the free kindergarten initiative for Aboriginal children too, so ensuring that those children known to child protection and those in our indigenous community will continue to have access to three-year-old kindergarten. It is a statewide program in which early start kindergarten grants will be paid directly to kindergartens and long day care services that enrol children known to child protection or who are referred by Child FIRST into early childhood education and care programs delivered by degree-qualified staff. This is designed to enable children known to child protection to access two years of quality early childhood education. These children are either experiencing or at the highest risk of abuse and neglect, with major risk factors including family violence, mental health problems and alcohol and other substance misuse. Early start kindergarten grants provide subsidies for up to 10.75 hours per week of high-quality kindergarten for three-year-old children known to child protection.

In February 2011 I approved the development of a new service model to engage and support vulnerable children in universal early childhood and care programs, and the new service model is called Access to Early Learning. Early data from the evaluation of Access to Early Learning indicates that services have been effective in engaging vulnerable children in early start kindergarten, in early childhood education and in promoting increased uptake of early start kindergarten subsidies, so it is fantastic that we have seen a significant increase in enrolments from 2011–2012 with children receiving early start kindergarten.

Mr PAKULA — Minister, I just want to ask you about the early childhood development performance measures on page 102 and 103 of budget paper 3. You have already spoken on a number of occasions about the government's investment in maternal and child health — and I want to ask you about the kindergarten one too, but I will just ask you about the maternal and child health ones first. It seems that in regard to each of the performance measures regarding maternal and child health you both have had and are predicting a reduction.

So in regard to the 'Total number of maternal and child health service clients', it fell from 72 618 to 71 950 and you are predicting it will drop to 70 000. In terms of 'Timeliness', it fell from 99.6 to 99.4 and you are predicting that it will fall to 98.5. In regard to the 'Maternal and child health clients with children aged 0 to 1 year receiving enhanced maternal and child health services', it fell from 17.7 to 14.1 and you are predicting it will fall to 10. My question is: given your stated focus on maternal and child health, why has it fallen and why do you predict it will continue to fall?

Ms LOVELL — I will start with the maternal and child health one. The 10 per cent target is 10 per cent, and the enhanced maternal and child health is aimed at the 10 per cent of the most vulnerable families in Victoria. The 17.7 per cent achievement in 2010–11 and the 14.1 per cent expected outcome this year is actually a measurement of local government overachieving what they were funded to do. That is something that we should all be very proud of — that local government are also committed to this program and are prepared to offer that service to more than just 10 per cent of families. We believe that with the \$16.3 million we injected we will probably also overachieve next year.

Mr PAKULA — Shouldn't you be budgeting for that?

Mr O'BRIEN — It is the same, and they have exceeded it.

Ms LOVELL — The target is the same and they have exceeded it.

The CHAIR — Hang on — one at a time.

Ms LOVELL — The target was the same under the former government, Martin, because it is aimed at the 10 per cent of most vulnerable children and if you went back through your budgets over the past 11 years, you would find they were 10 per cent every year.

Mr PAKULA — But it fell last year, and the others fall as well.

The CHAIR — Thank you. Have you finished your response, Minister?

Ms LOVELL — There were other targets that he asked about, but I cannot remember what they were.

The CHAIR — Deputy, are you wanting to follow up or just interject? Are you asking a follow-up question?

Mr PAKULA — If the minister is finished, I will.

The CHAIR — Thank you. Proceed.

Mr PAKULA — Just for your benefit, Minister, the other two I referenced were timeliness and total number. I am not just talking about the target, I am talking about the actual, which has fallen from 10–11 to 11–12. But equally in regard to kindergarten participation — —

Ms LOVELL — Are you talking about maternal and child health or kindergarten?

Mr PAKULA — I said I am talking about the early childhood development performance measures.

Ms LOVELL — Can we have one at a time?

Mr PAKULA — Let me focus on kindergartens now. I said at the outset I was going to deal with that as well. The kindergarten participation rate also fell last year from 95.1 to 94.6, and rather than set yourself either the 95 or the 94 benchmark, you are setting yourself a benchmark of 93.5. Why has it fallen, and why don't you set for yourself at least what you achieved in 11–12 as the target for 12–13?

Ms LOVELL — I would just like to run the shadow minister through the actual targets from 2008–09 to now. Under the former Brumby government the target in 2008–09 was 96, but they only achieved 92.4. They then dropped their targets — and in fact I think we have a slide that might show this — for 2009–10 and 2010–11 to only 92 per cent, even though they were achieving more than 92 per cent. We actually increased the target to 93.5 per cent and have overachieved that, and we have maintained that target this year.

Kindergarten is a voluntary service, and so while we aim to achieve higher than that target, the target has actually been lifted under the Baillieu government from the 92 per cent that was the target under the Brumby government. But what is real if you look at the figures is that we have more four-year-olds participating in a four-year-old kindergarten program in this state than ever before. That is the real measure of success. When you talk about the participation rate dropping from 95.1 to 94.6, that is a very minimal change in that participation rate. But actually the figures show we have more four-year-olds than ever before participating in a four-year-old funded kindergarten program. That could also be attributed to more four-year-olds also being in long day care. We are actually working with the child-care centres of Victoria at the moment to encourage their members to take up the opportunity to provide funded kindergarten programs within their long day care facilities so that we can improve the participation rate or the number of four-year-olds who are receiving a funded kindergarten program.

The CHAIR — Thank you very much, Minister, particularly for that useful table, which is informative. I refer to BP 3, page 4, and to the issue of 'Engaging vulnerable families in early learning', and I ask you, Minister, to advise the committee on the nature of the nation-leading longitudinal research investigating the impact of early childhood education and education-in-care outcomes. The committee is interested to know what those investigations will lead to.

Ms LOVELL — The Victorian government is continuing to support groundbreaking research into the quality of kindergarten and child care, and particularly how early education and care can give young children a solid foundation for schooling. Research being undertaken by the University of Melbourne together with the Queensland University of Technology is following 2600 children in Melbourne, Shepparton and Brisbane and also in Mount Isa in Queensland. The core study is examining the effectiveness of early childhood education and care programs through longitudinal research into the experience of children aged from three to eight years old. The study involves close observation of centres, particularly interactions between children and staff, surveys of early childhood educators, parent surveys as well as a direct measurement of children's development.

Additional funding provided in this budget will allow researchers to examine the benefits of quality early childhood services as children move through to school. The research is also paying particular attention to how tailored early childhood learning practices can provide particular benefits for children in more disadvantaged and vulnerable families. This is already being put into practice in selected centres, and funding for the E4Kids research is part of a \$16.5 million budget initiative for engaging vulnerable families in early learning, which also provides for supported playgroups and the Smalltalk early learning program. The E4Kids study is being led

by Professor Collette Tayler at Melbourne University. Professor Tayler is well known for her commitment to early childhood but also for her quality research work.

Mr SCOTT — Minister, I take you to the questionnaire, which the department provided this committee, and question 4.2, which relates to efficiency measures and savings — we describe them as cuts — that the department has to comply with this year, which totalled 228.4 million for this year. There are also 4200 jobs that have to be lost within the public service. I just wanted to know what the impact and the proportion in dollar terms and in job losses of those efficiency measures and cuts are in your particular areas of portfolio responsibilities — not the general for the whole department, just specifically your areas of responsibility.

MS LOVELL — I thank Mr Scott for his question, and I am delighted to say that we have had no cuts at all to early childhood service provision. This has not been part of any savings initiated by the government, but in terms of the restructure of the department and the work that is going on in the department to meet the sustainable government initiatives, I will defer to my secretary to give you a response on that.

Mr BOLT — The department is currently working through how we will apportion the staff reductions that are built into our budget. We have not made decisions at this time as to exactly how they will fall. They will fall so as to minimise the impact on the internal service and policy-making capability of the department. There will be no impact on front-line services, as the minister has indicated, and we will be in a position to give indications to our staff as to how those cuts will be apportioned later this month, but we will then be consulting with them pursuant to the industrial framework to ensure that, first of all, we get the right answer and, second of all, we do it in a way that takes our staff with us as much as we can. So we have not made a final decision is the short answer to the question.

Mr SCOTT — Where ‘later this month’ is within the 21-day framework for responses of questions on notice to this committee, I would ask that that material be provided on notice to this committee.

The CHAIR — I am sure it can be provided when it is available. Thank you, Mr Bolt. We will formally write to the minister as a result of these proceedings, and the minister will respond within 21 days.

Mr MORRIS — Minister, budget paper 3, page 4, the departmental output initiatives, and in particular the ‘Engaging vulnerable families in early learning’ initiative, obviously, as its name indicates, refers to learning programs and in-home support. I am wondering if you can expand on the nature of this program and the reason for linking it to the Protecting Victoria’s Vulnerable Children Inquiry outcomes.

Ms LOVELL — I thank the member for his question. The 2012 budget provides \$16.5 million, as I have said, over four years to support vulnerable families and young children to engage in early learning activities, including supported playgroups, the Smalltalk program and the E4Kids longitudinal study. This funding will enable local government areas to continue to provide the Smalltalk program to help parents support their children’s learning and development at home. The funding for supported playgroups and Smalltalk will support an estimated 2000 disadvantaged families a year with their children’s early learning and development. The program is an evidence-based way to address disadvantage and maximise learning and development through early intervention.

Research shows that encouraging more frequent communication, interaction and learning activities has many benefits for disadvantaged children and parents. Smalltalk is provided for vulnerable parents with children aged six months to three years and is delivered through supported playgroups and maternal and child health parent groups and during in-home coaching sessions for some families. It provides a vital early intervention, supporting the government’s response to the Cummins report on protecting vulnerable children in Victoria.

I actually attended a Smalltalk program last year, and it was really interesting to watch the interaction that was being encouraged between the parents and their children. These were vulnerable families. There was one particular one that I particularly remember, because the little boy was just so cute. He was obviously being looked after quite well. It was a single-parent family, but a single dad. This little boy was obviously being fed, and he was well presented and well clothed and an absolutely delightful child. This dad had come from a broken home himself. He did not have the skills that he wanted to give the best to his child, so he was engaged in this program to learn how to interact with his child, how to make sure that he could give his child the best opportunity in life. Eighty per cent of development, particularly in language skills, happens in the first two years of life, so it is vital that parents do interact with their children in that time and these Smalltalk programs actually

teach some of our vulnerable families who do not have parenting skills how to do that. It is wonderful to see that we are providing access to these programs so that parents can engage in them and they can give their children better opportunities in life.

Ms HENNESSY — Minister, in relation to budget paper 3, page 17, which makes no provision for capital investment for new or existing kindergartens in Victoria in this year's budget, the coalition made a \$500 000 election promise to the Glenelg Shire Council to build the new Casterton child and family complex that to date remains unfunded. Can you tell us when you will make good on that election commitment, given that there is no funding in this year's budget for new capital?

Ms LOVELL — That funding commitment to the Casterton child-care centre was made through the rural and regional development portfolio, and you would need to ask the question of Minister Ryan on the allocation of funding out of that fund.

Ms HENNESSY — I am happy for the minister to take this on notice, but it is my understanding that Glenelg Shire Council has in fact submitted its application to your department through the Children's Facilities Capital program, and if their grant application was successful, the council would be able to access a further \$500 000 from Regional Development Victoria. That was an election commitment made by the member for Lowan, Mr Delahunty. As I said, I appreciate you may not have the details to hand, but could you perhaps come back to this committee and make it clear to us what the appropriate source of funding is and where we might find those in the budget papers?

Ms LOVELL — I am happy to take the question now; I do not need to come back on notice. The member is actually talking about two completely different things. It is the same centre. There was an election commitment for \$500 000. That was through rural and regional development. You would need to ask Minister Ryan about that. The centre is also entitled to apply to the children's capital fund for additional funding. We are finalising the results of applications for the children's capital fund. Their application would still need to meet all the criteria for funding under the children's capital fund to gain additional funding through our children's capital fund, and we will be announcing some of those grants later this month.

Ms HENNESSY — So this year there is nothing.

Mr ANGUS — Minister, I also refer you to budget paper 3, page 4, 'Engaging vulnerable families in early learning', and I want to follow up particularly in relation to Mr Morris's previous question. Minister, can you advise the committee why the previously lapsing supported playgroups and parenting groups have been continued, what this means and how this relates to the government's commitment in the area of protecting Victoria's vulnerable children?

Ms LOVELL — Thank you to the member for the question. As part of our whole-of-government response to the Protecting Victoria's Vulnerable Children Inquiry the government has committed \$16.5 million to support vulnerable families and children aged from six months to four years to engage in early learning activities including supported playgroups, the Smalltalk program and also including the E4Kids longitudinal study. Specifically this funding will ensure that the supported playgroups and parent groups initiative will continue in the existing 15 locations across Victoria. These are Best Start locations; these are locations that the former government funded on time-limited funding, which meant that the funding had to be renewed in the last budget. We have now renewed that funding and secured it as ongoing funding, so these programs will not be concerned that they are going to run out of funding again.

The four key target groups for this initiative are Aboriginal children and their families or carer; culturally and linguistically diverse children and their families, with a particular focus on a recently arrived families; disadvantaged families with complex needs; and children and families affected by disability. Playgroup Victoria, the peak body for playgroups, thanked the government for the significant outcomes supported playgroups achieve for vulnerable children aged 0 to five years and their parents and their being maintained. They also noted that:

The minister's advocacy in this tight fiscal environment demonstrates her recognition and commitment to the important role playgroups have in supporting vulnerable families to build family environments which assist their child's development and success in learning and life.

I was very pleased to be noted in their press release as contributing to this, because they are a program that I believe really can make a difference to a child's life, and as I outlined in my former answer about the Smalltalk program, which also has supported playgroups, these playgroups can make a real difference and are a vital part of our early childhood response.

The CHAIR — Thank you, Minister. We are just about out of time for this portfolio, so I thank Mr Bolt, Mr Linossier, Mr Miles and Mr Maher for their attendance and take a short adjournment.

Witnesses withdrew.