

VICTORIA

Auditor-General
of Victoria

SPECIAL REPORT No. 55

**CHILD CARE
AND KINDERGARTENS**

Caring about quality

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The President

The Speaker

Parliament House

Melbourne Vic. 3002

Sir

Under the provisions of section 16 of the *Audit Act* 1994, I transmit the Auditor-General's Special Report No. 55, "*Child Care and Kindergartens: Caring about quality*".

Yours faithfully

C.A. BARAGWANATH
Auditor-General

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Foreword

In recent years, the increasing number of households where both parents are employed outside the home has prompted an expansion in the range and number of services available for the care of young children. In addition to this expansion, the children's services industry is undergoing considerable change as a result of recent alterations to Commonwealth funding arrangements, structural changes in the delivery of services by local councils and the introduction of new State legislation covering children's services.

In such an environment, the functions of the State Government in regulating, funding and planning for children's services are increasingly important and need to be clearly focused on achieving positive outcomes for children. It is hoped that this Report will provide the impetus to address the deficiencies identified during the audit in the way the State's role in this area is currently carried out. It is also aimed at adding value through identifying issues which need to be considered in the change process.

In responding to the Report, the Secretary of the Department of Human Services has, in a number of key areas, challenged the audit methodology, conclusions and recommendations. The tenor of the responses may lead the reader to conclude that there are currently no problems in the provision of children's services. This does not accord with the findings of audit examinations or the positive feedback to the Report provided by the local government sector and the industry. As such, the response does not lead me to resile from the matters raised.

I acknowledge that stakeholders can view situations from different perspectives. However, as is the case in undertaking any audit, I am required to adopt the professional standards of independence, integrity, objectivity, professional competence and due care. I can assure the Parliament that in preparing this Report I have, as always, been guided by these professional requirements and the Report represents my objective assessment of this area of government activity.

C.A. BARAGWANATH
Auditor-General

Part 1

Executive summary

Part 1.1

Overall audit conclusion

1.1.1 In the year prior to commencing school, most Victorian children have traditionally attended a preschool program, or kindergarten as it was originally known. In response to the increasing number of women in the workforce in recent years and the consequent changes in the needs of families, the types of children’s services available within the State has expanded. Services now provide care for children within a wider age range and on a longer-term basis than has traditionally been provided. There are now significant numbers of Victorian children attending these services for at least part of the day, and in many cases for extended hours.

1.1.2 While there is considerable debate among early childhood development experts regarding the impact on children of attending a children’s service, there is general acceptance that poor quality services can adversely effect their wellbeing and development. It was therefore disappointing that quality assessments undertaken during the audit indicated that many of the State’s children’s services do not currently meet minimum standards in relation to some of the key factors influencing outcomes for children. These include the provision of developmentally appropriate programs, sound interactions between staff and children and the adoption of practices which protect the health, hygiene and safety of children.

1.1.3 The quality of care provided in children’s services is not the sole responsibility of the State Government but also rests with individual service providers, parents, institutions involved in educating child care workers, relevant industry bodies and the Commonwealth Government. However, it is particularly important that the State Government as a regulator and purchaser of children’s services, in co-operation with local councils as providers of such services, takes a lead role in facilitating an improved standard of service.



1.1.4 Examinations within the Department of Human Services, the agency carrying out the functions associated with the State Government’s responsibilities in relation to children’s services, identified a number of weaknesses which currently work against the effectiveness of the legislative and funding frameworks. Because of these weaknesses, there is no assurance that:

- only suitable people are approved to be in control of services and in contact with children;
- the frequency of departmental inspections is adequate to promote a high level of compliance with regulatory and funding requirements;
- inspections are focused on services which represent the greatest risk and on those areas of service delivery which are critical to the physical and developmental welfare of children; and
- services not meeting legislative requirements are appropriately sanctioned with a view to penalising poor performance and ensuring those services fulfilling their obligations are not disadvantaged within a competitive market.

1.1.5 In recent years, the Department of Human Services has reported that 90 per cent of Victorian 4 year olds participated in a preschool program. This represents significant progress towards the Government’s target of providing the opportunity for all children to attend one year of such a program. With a view to building on the achievements to date, greater attention needs to be given to developing strategies to encourage the participation of the remaining 10 per cent of children, particularly any under-represented groups such as children from low income families, children from non-English speaking backgrounds and Koorie children. There is also a need to assess any impact on the participation of children from low income families of the shift in recent years of a large proportion of preschool operating costs from the Government to families.

1.1.6 The Department’s framework for purchasing preschool services from both community-based and private sector organisations needs to be strengthened. In particular, attention should be directed towards addressing current deficiencies which enable some services in receipt of funding to provide programs which are not in line with agreed funding conditions. While addressing this issue, consideration should also be given to rationalising the administrative workload associated with preschool funding through focusing on value-adding.

1.1.7 The role of, and service delivery model used by, many local councils in providing children’s services has changed in recent years. This has been largely due to funding pressures and requirements to pursue competitive tendering processes. Some councils are now questioning the value of continuing to provide services in competition with the private sector. Where councils included in the audit had subjected their services to a tendering process, the claimed cost savings had resulted, to a large extent, from a transfer of costs from ratepayers to service users rather than from efficiency gains. Although the councils examined had not assessed the outcomes of the tendering process in terms of the quality of services delivered, comments from a number of sources suggested that some aspects of quality have in fact declined.



1.1.8 Proposed changes to the children’s services legislation and regulations, expected to come into effect in mid-1998, will go some way towards strengthening requirements to be met by service providers. For the new framework to be fully effective, much greater attention will need to be given to improving the practices adopted in administering the legislation. It is hoped that the structural and administrative changes, which the Department has advised are already in train, will take into account the weaknesses identified and recommendations made to the Department during the audit. The changes will need to be accompanied by strengthened planning structures and communication mechanisms between all public sector parties with responsibilities for, or an interest in, the provision of children’s services including the Department, local councils and relevant Commonwealth agencies.

□ **RESPONSE** by Secretary, Department of Human Services

The Department notes audit’s conclusions in relation to the administration of the Children’s Services Centres Regulations 1988 under provisions of the Health Act 1958. Audit has been advised that the Department believes the significant matters raised in the Report are being addressed with the introduction by no later than 1 July 1998 of the Children’s Services Act 1996 and Regulations, and a comprehensive new system of regulatory administration.

The Children’s Services Act 1996 was passed by the Victorian Parliament in late 1996. This Act introduces significant new requirements for the licensing and administration of children’s services in Victoria. The major changes include:

- *recognition of the importance of children’s services in Victoria with the introduction for the first time of specific legislation;*
- *more rigorous testing for the operators and key managers of all children’s services in Victoria including criminal record checks;*
- *enhanced penalties for major breaches of minimum standards; and*
- *greater transparency of the licensing process.*

The Children’s Services Act 1996 was passed following a comprehensive public consultation on the overall legislative and regulatory framework for children’s services in Victoria. This commenced with the release of a discussion paper “Future Legislative and Regulatory Framework for Children’s Services” in April 1995. This paper received a broad range of industry and community responses. In mid-1995, the Children’s Services Industry Advisory Group was established to provide advice to the Minister and the Department on legislative and regulatory reform. This group, representing a broad range of industry interests, has provided active and ongoing input to the reform process.

In October 1997, a Regulatory Impact Statement on Proposed Children’s Services Regulations was released for a 2 month public consultation process. Over 1 200 submissions were received from registered services, parents, peak bodies and other interest groups. The submissions clearly endorse the maintenance and further development of a strong regulatory environment for children’s services in Victoria. Final regulations are now being prepared.



□ **RESPONSE** by Secretary, Department of Human Services - continued

In addition to the legislative and regulatory review, the Department has implemented a comprehensive organisational redevelopment during the period of the audit. The new departmental structure devolves most operational responsibility to regional management, with a strengthened policy and performance monitoring role for central office. These new structural arrangements will be applied for children’s services licensing from commencement of the new Act and Regulations.

A significant work program has been underway in the Department for the last 12 months to support the introduction of these major reforms. This work program includes preparation of:

- *a new licensing handbook for the Victorian children’s service industry;*
- *a new licensing manual for departmental staff;*
- *industry guidelines on issues such as programming, staffing, criminal history checks for staff, and health and safety of children;*
- *an enhanced enforcement strategy including a new staff manual on handling complaints and conducting investigations;*
- *a comprehensive ongoing training program for staff;*
- *a major new Statewide on-line data base to support administration of the licensing system; and*
- *information on licensing for parents.*

The Report findings will be addressed by the new system. It is unfortunate that significant resources have been allocated to audit a system in transition and the Department contends that it would have been more appropriate, and timely, to conduct the review when the new system is fully operational.

Part 1.2

Summary of major audit findings

QUALITY OF CARE	Page 29
<ul style="list-style-type: none">● An assessment of a random sample of children’s services undertaken as part of the audit indicated that, in general, the quality of services provided across the State is either poor or adequate with little evidence of service excellence.	<p style="text-align: right;"><i>Paras 4.1 to 4.3</i></p>
<ul style="list-style-type: none">● Although the interactions between staff and children are seen by early childhood development experts as the most important determinant of quality, this aspect of service delivery was found to be poor in a significant proportion of preschool programs funded by the Government.	<p style="text-align: right;"><i>Paras 4.18 to 4.22</i></p>
<ul style="list-style-type: none">● The staff in community-based long day care centres were found to be warm and caring towards babies. However, in many cases their interactions with the babies were not sufficiently frequent or adequate.	<p style="text-align: right;"><i>Paras 4.23 to 4.24</i></p>
<ul style="list-style-type: none">● The communication between staff and the parents of children attending services was adequate particularly in the area of providing written or visual feedback regarding the child’s development progress and experiences. Verbal communications, however, could be improved in many cases.	<p style="text-align: right;"><i>Paras 4.25 to 4.29</i></p>
<ul style="list-style-type: none">● It was found that even some basic principles of developmental programming, such as maintaining records of each child’s progress and ensuring the programs delivered are linked to developmental needs, were not in place for many funded preschool programs.	<p style="text-align: right;"><i>Para. 4.34</i></p>
<ul style="list-style-type: none">● The developmental approach used in delivering preschool programs was poor in many services, particularly long day care centres funded to deliver such a program. A common area of weakness was the absence of a balanced range of indoor and outdoor play experiences.	<p style="text-align: right;"><i>Paras 4.34 to 4.35</i></p>

- In 76 per cent of private sector and 56 per cent of community-based long day care centres assessed, the equipment and facilities were inadequate to enable a quality program to be delivered.
Para. 4.34
- In the absence of adequate outdoor environments, such as open and shaded spaces, a variety of play surfaces and impact absorbent material under climbing equipment, some services did not adequately protect children from the effects of the sun and injury.
Paras 4.37 to 4.42
- While most aspects of health and hygiene were found to be adequately addressed in a large proportion of the services visited, some practices such as hand washing and nappy changing procedures needed improvement.
Paras 4.43 to 4.48
- Although the immunisation of children has become a matter of community concern in recent years, more than half the services visited had not established a policy in this regard, or the policies in place were deficient.
Paras 4.49 to 4.50
- Many safety aspects were found to be adequate. However, certain areas of weakness, including fences that were climbable by children and the lack of protection from unsupervised or unauthorised entry, presented risks to the safety of children. Many services also needed to improve their preparedness for emergencies such as fires.
Paras 4.51 to 4.55
- Staff/child ratios and qualifications were found to be in line with regulatory requirements. However, the stipulated Victorian ratios for children 3 years and over and those relating to the proportion of qualified staff for children under 3 are less stringent than in other States.
Paras 4.56 to 4.62
- Although staff within services were found to work co-operatively as teams, the personnel practices adopted in many services, other than community-based services, were deficient in the areas of staff appraisal, professional development and occupational health and safety policies.
Paras 4.74 to 4.82

REGULATION AND ENFORCEMENT**Page 59**

- Weaknesses were identified in the procedures adopted by the Department of Human Services in assessing the suitability of people who apply to control and manage children's services.
Paras 5.10 to 5.15
- The frequency and targeting of departmental inspections were not conducive to promoting regulatory compliance and ensuring contraventions were promptly detected and addressed.
Paras 5.16 to 5.24
- Most registered services inspected by the Department had not met the minimum standards defined in the Regulations in at least some areas. Non-compliance issues observed during one inspection were sometimes still evident during the next annual inspection.
Paras 5.21 to 5.24
- In comparison to the results of the departmental inspections, the quality assessments undertaken as part of the audit revealed a greater number and a much broader range of unsatisfactory matters of significance to the outcomes for children.
Para. 5.24
- While departmental inspections focused on the inputs to children's services such as staffing, equipment and facilities, audit assessments more appropriately addressed outcomes for children in terms of the practices adopted and developmental programs delivered.
Paras 5.25 to 5.33
- Registered services with high levels of, or continuing, non-compliance had been able to continue operating without strong enforcement action by the Department.
Paras 5.40 to 5.41
- Services were rarely deregistered in cases of repeated non-compliance or substantiated complaints. Some services were granted consecutive temporary registration when non-compliance issues were still outstanding at the end of the previous temporary registration period.
Paras 5.44 to 5.48
- Prosecution was used by the Department primarily in reaction to serious incidents including children leaving the premises unattended, being left alone in a service after hours or receiving inappropriate discipline, rather than as a deterrent or to address ongoing problems within services.
Paras 5.49 to 5.51
- The response by the Department to complaints regarding services was not clearly documented in some cases. In others, the investigations undertaken in response to complaints were not sufficiently rigorous.
Paras 5.52 to 5.60
- Providing feedback to complainants on the outcome of any investigations and providing service users with details of departmental inspection results, would assist in using market mechanisms to improve the performance of services.
Paras 5.55 to 5.62

REGULATION AND ENFORCEMENT - continued

Page 59

- A comprehensive enforcement strategy needs to be developed by the Department which gives greater consideration to broadening the range of options used to achieve a higher level of compliance and to ensuring services operating in non-compliance are appropriately sanctioned.
Para. 5.62
- While not providing conclusive evidence regarding the reliance which can be placed on the Commonwealth Quality Improvement and Accreditation System applicable to long day care centres, the audit examinations raised certain questions regarding the System which the Department needs to pursue with the Commonwealth.
Paras 5.63 to 5.79
- The role of the Department's Children's Services Advisers needs to be clarified. The current practice of not requiring Advisers to have qualifications and experience in early childhood development should be evaluated in this process.
Paras 5.80 to 5.89
- The information systems and quality assurance procedures covering the Department's children's services function need to be strengthened to ensure they better support the Department's regulatory activities.
Paras 5.90 to 5.98
- The assumption underlying the Department's recent review of the regulations covering children's services was that continued regulation is the best means of achieving the Government's desired outcomes. The full potential of regulatory reform may not be achieved as insufficient consideration was given to clearly identifying existing problems and evaluating alternative non-regulatory approaches to address those problems.
Paras 5.99 to 5.106

FUNDING

Page 97

- For the past 5 years, the Department has reported that around 90 per cent of Victorian 4 year old children participated in funded preschool programs.
Paras 6.7 to 6.9
- The enrolment numbers provided by services, used by the Department as a basis of calculating participation rates, are not verified by the Department. Data provided by services during the audit suggested that some enrolments may be overstated.
Para. 6.24
- In the last 2 years, the participation rate of Koorie children in funded preschool programs has been only 39 per cent. The participation rate of children from non-English speaking backgrounds and children from low income families has not been determined by the Department.
Paras 6.15 to 6.22

- In 1994 when the Department changed to a per capita funding model for preschool programs, there was a reduction in the amount of funds provided from around \$1 020 to \$840 per place.
Paras 6.27 to 6.30
- Compared with the situation which existed before the change to per capita funding, when the majority of operating and administrative costs associated with preschool programs were met by the Government, a large portion of the costs has now been shifted to parents.
Paras 6.30 to 6.38
- Fees charged by stand-alone kindergartens since 1993 have increased by 120 per cent and parents have been required to contribute increased resources in the form of voluntary input as members of committees of management or in response to fundraising activities. Anecdotal evidence suggests that the level of contribution may be impacting on the ability of children from low income families to participate in preschool programs.
Paras 6.33 to 6.39
- Around 31 per cent of stand-alone kindergartens visited during the audit commented on the difficulties in attracting committee members, given the heavy workload involved. Problems were also raised regarding the annual change in the composition of committees, lack of skills within the committees to perform the duties and pressures on teachers to assist committees in their role.
Paras 6.48 to 6.52
- Since 1993, there has been an increase in the number of locations within Victoria where funded preschool programs are delivered, due primarily to an increase in the number of long day care centres providing such programs. However, over 90 per cent of parents continue to choose the traditional model of preschool program provided by stand-alone kindergartens.
Paras 6.45 to 6.47
- During visits to services, it was found that some funding conditions had not been met by the providers of services. This included around 30 per cent of funded private sector services not meeting the requirement to have 2 paid staff involved in the program and/or for the teachers to have qualifications in early childhood development.
Paras 6.53 to 6.68
- The procedures in place for developing and administering Funding and Service Agreements between the Department and services receiving preschool or school age child care funding are onerous for both departmental staff and the funded services. There is a need to streamline the procedures with emphasis on adding value in terms of achieving desired outcomes.
Paras 6.62 to 6.64



LOCAL COUNCILS AS SERVICE PROVIDERS	Page 123
<ul style="list-style-type: none">● Due to funding constraints and requirements to competitively tender services, many councils have recently moved away from directly managing children’s services. The management of many services is now contracted to in-house teams or has been transferred to committees of management.	<p><i>Paras 7.4 to 7.7</i></p>
<ul style="list-style-type: none">● In the case of the 2 councils audited where services were managed by in-house teams, it was found that greater attention needed to be directed towards addressing a number of potential conflict of interest issues which arise from the councils “contracting” with their employees.	<p><i>Paras 7.21 to 7.24</i></p>
<ul style="list-style-type: none">● Where services were managed by committees of management within council properties, the roles and responsibilities of each party in relation to maintaining facilities, monitoring performance and managing assets had not been clearly defined.	<p><i>Paras 7.25 to 7.26</i></p>
<ul style="list-style-type: none">● Where the councils visited had quantified the cost savings resulting from competitive tendering, <i>less cost</i> was taken to mean <i>less cost to the council</i>. A large proportion of the claimed savings had resulted from increased fees to users rather than reduced operating costs.	<p><i>Paras 7.27 to 7.30</i></p>
<ul style="list-style-type: none">● Improved procedures are needed within councils for ensuring properties used to deliver children’s services are accurately recorded, adequately maintained and effectively utilised.	<p><i>Paras 7.33 to 7.41</i></p>
<ul style="list-style-type: none">● Weaknesses in the performance management structures in relation to children’s services need to be strengthened to enable councils to be fully accountable to ratepayers for their performance in this area.	<p><i>Paras 7.12 to 7.19</i></p>



PLANNING

- To optimise the outcomes for the State from the Department’s participation on the Commonwealth Planning Advisory Committee, greater attention needs to be given to collecting and analysing more comprehensive data on the demand for and supply of long day care centres in Victoria.
Paras 8.5 to 8.13
- Few of the local councils audited had developed processes for regular data collection and analysis on a municipality-wide basis aimed at identifying and responding to community needs for children’s services.
Paras 8.14 to 8.21
- Improved communication between relevant Commonwealth, State and local government agencies is required to achieve a more co-ordinated approach to planning for children’s services.
Paras 8.1 to 8.4
- Analysis of the documentation produced from the planning processes in place within the Department of Human Service indicated that the performance management framework in place for children’s services was poor.
Paras 8.22 to 8.23

Part 2

Background

CHILDREN'S SERVICES

2.1 In the year prior to commencing school, most Victorian children have traditionally attended a preschool program, or kindergarten as it was originally known. These programs have been delivered in a range of facilities such as local council properties, church buildings or non-government schools. Children have generally attended a number of sessions per week for 40 weeks of the year. In 1997, there were over 1 200 such facilities, now referred to as stand-alone kindergartens, operating throughout the State. Although there have been some changes over time in the hours they operate and the types of services they provide, stand-alone kindergartens continue to be mainly involved in delivering preschool programs to 4 year olds, on a sessional basis.

2.2 In response to the increasing number of women in the workforce and the consequent changes in the needs of families, the number and range of children's services available within the State have expanded. Services now provide care for children within a wider age range and on a longer-term basis than is provided in most stand-alone kindergartens. The types of services available include:

- *Long day care centres* generally catering for children from birth to 6 years of age, on a full or part-time basis. They operate for at least 8 hours a day, on weekdays, and for at least 48 weeks of the year. A large proportion of these centres operate within the private sector on a *for profit* basis. The remainder are either community-based centres, managed by local councils or committees of management, or are established by employers or educational institutions to cater for the needs of their employees or students;
- *Occasional child care services* which offer care for short periods. They operate in conjunction with facilities such as leisure centres or neighbourhood houses;
- *Family day care* involving individuals providing care in their homes, organised and supported by a central co-ordinating unit such as a local council; and
- *School age child care services* offering care for primary school age children before and after school, and during school vacations. The majority of these services are attached to primary schools with a small number in other venues such as neighbourhood houses and community centres.

LEGISLATIVE FRAMEWORK

2.3 Each State and Territory Government is responsible for licensing and regulating children's services within its jurisdiction. In Victoria, services are required to be registered under the *Health Act* 1958 which also makes provision for the prosecution of any services not operating in compliance with the provisions of the Act, or the subordinate Children's Services Centres Regulations 1988. The Regulations prescribe minimum standards to be adopted by services in a range of service delivery areas.



2.4 The Act and Regulations apply to premises where 5 or more children under the age of 6 years, who are not attending school, are cared for. They cover stand-alone kindergartens and long day care centres, registered under the Act as Class 1 services, and occasional child care services, registered under the Act as Class 2 services. They do not apply to family day care or school age child care services. At the time of the audit, there were approximately 3 200 children's services registered under the Act.

2.5 The *Children's Services Act 1996* was enacted in the Victorian Parliament in late 1996 to replace the sections of the *Health Act 1958* dealing with children's services. Regulations under the new Act have been developed and were released for public comment in October 1997, along with a Regulatory Impact Statement. It is expected that the new Act and Regulations will become effective from mid-1998. The Minister for Youth and Community Services has indicated that the review of the legislative framework was aimed at providing greater flexibility in licensing services and ensuring that while children are attending services they are safe, well cared for and their development needs are met.

2.6 Although each State and Territory has its own legislative framework covering children's services, national standards for long day care centres were developed and endorsed by all State and Territory Governments in 1993.

FUNDING ARRANGEMENTS

Commonwealth funding

2.7 Since 1972, the Commonwealth Government has provided capital and recurrent funding to community-based long day care centres with some funding subject to joint arrangements with the States and Territories. Under the most recent 1992-96 Commonwealth-State Child Care Agreement, capital and recurrent funding was provided to Victoria for around 1 500 new long day care places, and start up and operational funding for 3 500 new places in school age child care services.

2.8 Although the Commonwealth Government ceased providing recurrent funding to community-based child care services from July 1997, it remains a substantial player in the children's services field through the provision of child care assistance, in the form of fee relief, to low-income families using long day care centres. It also provides a child care cash rebate for part of the costs incurred by parents using most types of children's services for work related purposes.

2.9 The Commonwealth Government is also responsible for funding and supporting the National Quality Improvement and Accreditation System. Under this System, long day care centres can seek to be accredited by the National Childcare Accreditation Council based on assessments against a set of 52 principles. Only services participating in the System have access to child care assistance.



State funding

2.10 Based on formulae linked to the Commonwealth’s contribution under the 1992-96 Commonwealth-State Child Care Agreement, the Victorian Government provided additional capital funding for long day care centres and recurrent funding to enable community access to long day care centres located near Technical and Further Education campuses. In 1996-97, the State allocated \$2.5 million under the Agreement.

2.11 The Victorian Government also provides funding for preschool programs in stand-alone kindergartens. In line with its stated goal of providing the opportunity for all 4 year olds to participate in a preschool program for one year, the Victorian Government has, since 1994, also offered long day care centres access to funding to deliver a preschool program. Funding is provided on a per capita basis and is open to all services meeting certain funding criteria. In 1997, a total of \$53.3 million was provided to fund around 59 000 preschool places. Capital funding of around \$3.6 million was also provided to funded services in that year.

2.12 School age child care services operate under Commonwealth and/or State historical arrangements which have resulted in a wide variety of funding and service models. In 1996-97, the State allocated \$11.7 million to school age child care services, \$3.8 million under the 1992-96 Commonwealth-State Child Care Agreement and the remainder under previous funding arrangements.

ROLES AND RESPONSIBILITIES

Department of Human Services

2.13 The Victorian Department of Human Services has responsibility for:

- administering the State legislative framework covering children’s services, including registering services and enforcing the legislation through inspection, investigation and prosecution activities;
- allocating and administering funds provided to children’s services either by the State or under Commonwealth/State arrangements; and
- carrying out the State’s planning and policy development role in relation to children’s services.

2.14 The Youth and Family Services Division of the Department has prime responsibility for these regulatory, funding and planning functions. Various operational activities, such as inspecting services to assess whether they comply with the Children’s Services Centres Regulations 1988, investigating complaints about services and recommending any legal action considered necessary, is carried out by Children’s Services Advisers located in the Department’s 4 metropolitan and 5 rural regional offices.



2.15 The Department of Human Services is in the process of a major restructure. The changes include the transfer of many operational functions from the Head Office of the Department to its regional offices. Under these devolved arrangements, the role of the Head Office will be to determine service requirements and establish policies and standards.

Local government

2.16 Many stand-alone kindergartens have traditionally been operated by local councils or by parent-run committees of management under the auspices of local councils. A number of community-based long day care centres have also been operated by local councils. Both types of services have been delivered in facilities either purchased by the local councils, donated by benefactors, built from State or Commonwealth Government capital grants, or leased. Local councils also have a planning role in relation to the approval of new facilities which are to be used to deliver children's services.



Community-based long day care centre.



2.17 The local government sector has been the subject of considerable change in recent years which has impacted on its role in planning and delivering children’s services and on the structures in place for managing such services. In particular, the *Local Government (Competitive Tendering) Act 1994* required councils to progressively introduce competitive tendering processes. By 1996-97, 50 per cent of each council’s total spending on works and services was to be subject to a competitive tendering process. Many councils have subjected, or are in the process of subjecting, their long day care centres to such tendering arrangements. Others have transferred the management of these centres, and the majority of their stand-alone kindergartens, to parent-run committees of management. Some councils continue to directly manage children’s services.

Service providers

2.18 The proprietors of children’s services are responsible for ensuring registration requirements are met and that their services operate in compliance with the Regulations. All services funded to provide a preschool program or school age child care service also have a responsibility to ensure that they operate in compliance with conditions contained in Funding and Service Agreements entered into with the Department of Human Services. As children’s services, particularly long day care centres, are operating in an increasingly competitive environment, the managers of services are also focused on meeting the needs of users and on effectively marketing their services.

Part 3

Conduct of the audit

AUDIT OBJECTIVES

- 3.1** The overall objectives of the audit were to determine whether:
- suitable planning processes were in place to enable the State’s needs for children’s services to be identified and addressed;
 - the legislative and regulatory framework, and accompanying enforcement function, were conducive to ensuring children were physically safe, and their emotional wellbeing and developmental needs were adequately addressed;
 - available funds were distributed across the State on a rational and equitable basis;
 - the system was managed and co-ordinated efficiently and effectively; and
 - the quality of care provided within services was of an acceptable standard.

SCOPE OF THE AUDIT

Areas covered

3.2 The audit covered stand-alone kindergartens, long day care centres and certain aspects of school age child care services. Occasional child care services and family day care were not subject to audit.

- 3.3** The following areas formed the basis of the audit program:
- *strategic planning* in terms of whether processes were in place at State and local government levels to effectively identify needs and plan for services;
 - *regulation and enforcement* in terms of whether the licensing, inspection and enforcement framework in place was adequate to protect children and ensure their physical and emotional wellbeing while attending services;
 - *access and equity* in terms of whether available funds were allocated to areas of greatest need, and were distributed in an equitable and economic manner, in line with government policy objectives;
 - *management and co-ordination* in terms of whether systems were conducive to achieving desired outcomes; and
 - *quality of care* in terms of whether the services funded and/or regulated by the State were of the highest possible standard.

Agencies examined

3.4 Audit examinations were conducted within the Department of Human Services, focusing on its key roles in regulating, funding and planning for children’s services. Examinations covered the Head Office of the Department in addition to its Eastern Metropolitan, Western Metropolitan and Loddon-Mallee regional offices.



3.5 To gain a perspective at a local government level, the following councils were also subject to examination:

- City of Casey;
- City of Greater Bendigo;
- City of Moonee Valley;
- City of Stonnington; and
- Shire of Yarra Ranges.

3.6 The councils were selected with the aim of including a cross-section of demographics and a range of service delivery models. The examinations within councils covered strategic planning processes in addition to issues associated with the management by councils of long day care centres and stand-alone kindergartens. Issues surrounding services operated by committees of management, under the auspices of local councils, were also considered.

3.7 A separate key component of the audit involved assessing the quality of children’s services delivered throughout the State, based on visits to 135 randomly-selected services funded and/or regulated by the Department of Human Services. The services visited included stand-alone kindergartens, community-based long day care centres and private sector long day care centres funded by the Victorian Government to deliver preschool programs.

3.8 As indicated in Part 2 of this Report, the audit was undertaken at a time of significant change in management arrangements at both the State and local government levels. It was also conducted within an environment where a new legislative framework is proposed. While a key focus of the audit was on examining the practices and outcomes achieved under the current legislative framework which has been in place since 1988, it was also aimed at providing suggestions for further enhancements in the areas of proposed change.

Period covered

3.9 The audit primarily focused on the period from January 1996 to June 1997 and developments since that date.

Compliance with auditing standards

3.10 The audit was performed in accordance with Australian Auditing Standards applicable to performance audits and accordingly included such tests and other procedures considered necessary in the circumstances.

Specialists engaged

Panel of Advisers

3.11 Expert advice on identifying issues associated with the children’s services industry, developing criteria for assessing the quality of services and interpreting the results of assessments was provided to the audit team by a Panel of Advisers. The members of the Panel, and the positions they held at the time of the audit, follow:

- Ms Sue Harper, Chief Executive Officer, Lady Gowrie Child Centre;
- Ms Pamela Horton, President, Victorian Private Child Care Association;
- Ms Patricia Sebastian-Nickell, Head of Department, Social and Community Services, Victoria University of Technology; and
- Ms Lynne Wannan, Victorian Chair of Community Child Care.

children’s services.



Members of the audit team and Panel of Advisers discussing preliminary findings of quality assessments.

Quality assessment team

3.12 Quality assessments of individual services were undertaken under contract to the Auditor-General by Ms Sheralyn Campbell, Ms Sue Crook and Ms Jan Duffie. Each of the contractors has suitable qualifications and extensive experience in delivering quality children’s services and teaching in the early childhood development field.

Statistical analysis

3.13 Assistance in selecting the sample of services subject to quality assessments, and in interpreting the results of the assessments, was provided to the audit team by Dr Jenni Rice, Senior Lecturer, Psychology, Victoria University of Technology.



Public input sought

3.14 Public comment in relation to the matters covered in the audit was sought through advertisements placed in the mainstream media and in specialist journals distributed to most long day care centres and stand-alone kindergartens throughout the State. Responses to the advertisements were taken into account as anecdotal evidence in assessing the operations of services from the perspective of users and managers.

3.15 Discussions were also held during the audit with representatives of a number of relevant industry bodies including Kindergarten Parents Victoria, Municipal Association of Victoria, Community Child Care and the Lady Gowrie Child Centre.

Part 4

Quality of care



OVERVIEW

4.1 An assessment of a random sample of children’s services undertaken as part of the audit indicated that, in general, the quality of services currently provided across the State is either poor or adequate. While a small number of services visited were assessed as providing an extremely high quality of service, overall there was little evidence of service excellence. It was of particular concern that many services rated poorly in some of the areas recognised by early childhood development experts as key determinants of quality including interactions between staff and children, programming, health and safety. While there were some areas of common weakness across all services, there were also particular weaknesses or strengths which were more evident in specific service types.

4.2 The audit assessments were made through unannounced visits to services. By arriving unexpectedly, the assessors were able to observe the everyday experiences of children in care. In this respect, and in terms of the focus and breadth of the examinations, the assessments differed from the Department’s inspections of services.

4.3 Given that the criteria used as a basis of assessment represented minimum standards, it was concluded from the assessments that the outcomes for children in many of the State’s children’s services are currently unsatisfactory. The findings suggest that the Department of Human Services, as the agency with the lead role in ensuring the wellbeing of children attending children’s services, and local councils as service providers, need to take action which facilitates improvements particularly in the areas of identified weakness.

□ RESPONSE by Secretary, Department of Human Services

The Department does not accept audit’s conclusions that the general quality of services across the State is in the range of poor to adequate. The Department actively monitors the maintenance of regulatory minimum standards with an ongoing program of visits to all registered services in the State. The assessments undertaken during these visits do not support audit’s findings. In addition, the Department supports the development and delivery of quality funded programs. A quality assessment tool has been developed for preschool services and training has been provided to implement this tool. Funding is also provided to a number of key organisations to support the quality of preschool services including Kindergarten Parents Victoria, Lady Gowrie Child Centre and the Multicultural Resource Centre.

The quality framework developed by audit includes a range of factors which audit believes may contribute to the provision of quality child care services. However, a number of these standards are over and above the minimum standards established by the Victorian regulations. A thorough examination of the methodology developed and utilised by audit has not been possible as only limited information has been provided to the Department. The Department, however, will review audit findings in the development of the new regulatory system and new purchasing arrangements for children’s services.



□ **RESPONSE** by Secretary, Department of Human Services - continued

The Victorian legislative and regulatory framework establishes a framework of minimum standards for the care and education of children and the current Children's Services Centres Regulations 1988 cover areas of management and staffing, operation, record keeping, discipline and care of children, buildings, facilities and equipment, hygiene and food preparation, and protection from hazards. The Department is responsible for monitoring and reviewing these standards and taking actions to ensure they are met by registered services. The proposed Regulations seek to enhance standards with the introduction of a minimum 2 year early childhood qualification requirement for all licensed services. The Regulations will also establish a standard on programming requiring all licensed services to provide an educational or recreational program for all children being cared for or educated at the service. These areas will be monitored by departmental staff.

It should be noted that the Regulations are not intended as best practice standards. Responsibility for quality is shared with other key parties including the Commonwealth, registered providers, qualified staff employed by services and parents. The Department believes that audit has failed to adequately consider and assess roles and responsibilities for quality within the existing child care system. The report makes only a passing reference to this complex matter.

IMPORTANCE OF QUALITY

4.4 The quality of care provided in children's services is seen by early childhood development experts as an important issue not only for service users but for the general community, particularly given the increasing number of children attending services for at least part of the day, and in some cases for extended hours. While there is considerable debate regarding the impact on children of attending a children's service, there is general acceptance that poor quality services can have adverse effects on their wellbeing and development.

4.5 The concept of quality is, to some extent, a subjective one. However, there are a number of aspects of service delivery which early childhood development experts agree are key factors influencing the outcome for a child attending a children's service, specifically:

- the interactions within the service between staff and the child;
- the relationship between staff of the service and the child's parents;
- the developmental programs provided by the service; and
- the standards of health and safety within the service.

4.6 Appropriate staffing practices, a conducive physical environment, sound organisational arrangements and formal policies, programs and plans are also seen as contributing factors but are not sufficient, on their own, to ensure quality.

RESPONSIBILITY FOR QUALITY

4.7 The quality of care provided in children’s services is not the sole responsibility of the State Government but also rests with individual service providers (including local councils), parents, institutions involved in educating child care workers, relevant industry bodies and the Commonwealth Government. There are, however, a number of important responsibilities of the Victorian Department of Human Services which have the potential to significantly impact on quality, namely, its role in:

- Enforcing the Children’s Services Centres Regulations 1988 which set out specific minimum requirements relating to staffing numbers and qualifications, hygiene, buildings and facilities, equipment and record keeping. They also contain general regulatory requirements covering the care to be provided by staff, the protection of children from hazards and the approach to be taken to discipline;
- Ensuring services funded to deliver a preschool program meet the requirements contained in Funding and Service Agreements to provide a developmentally appropriate program, adopt sound management practices, protect the safety, physical health, and social and emotional wellbeing of children, and involve parents in the program;
- Ensuring agencies meet the preschool funding requirement to regularly evaluate the quality of their programs using a mechanism such as the Commonwealth Government’s Quality Improvement and Accreditation System; and
- Interacting with Commonwealth Government agencies in relation to certain aspects of the Quality Improvement and Accreditation System, including the ongoing monitoring and evaluation of the System.

AUDIT ASSESSMENTS OF QUALITY

Introduction

4.8 With a view to evaluating the outcomes for children under current regulatory and quality assurance arrangements, assessments were undertaken in 135 services funded and/or regulated by the Department of Human Services. The services comprised 45 stand-alone kindergartens, 45 private sector long day care centres which receive funding to deliver a preschool program and 45 community-based long day care centres which are managed by, or affiliated with, local councils. These services were randomly selected and spread across the State. They formed statistically viable samples sufficient to draw conclusions about the standard of care in each service type, on a Statewide basis.

Scope of assessments

4.9 Children attending long day care centres are typically separated into 3 age groupings and cared for in different rooms. These groupings usually comprise babies up to 2 years of age, toddlers up to 3 years of age and preschool children in the 3 to 5 year age range. Some services adopt variations to these arrangements, such as family groupings comprising children of mixed ages, particularly during the early hours of operation or late in the day when fewer children are in attendance.



4.10 In the case of the community-based long day care centres, the assessments covered all age groupings. In the stand-alone kindergartens and private sector long day care centres assessments were limited to evaluating the programs provided to preschool children which were funded by the Department of Human Services. The Auditor-General’s jurisdiction is limited to examining services which are managed by, or receive funding from, the Victorian Government or local councils. Consequently, assessments of babies and toddler groups within private sector long day care centres and unfunded 3 year old groups in stand-alone kindergartens were outside the scope of the audit.

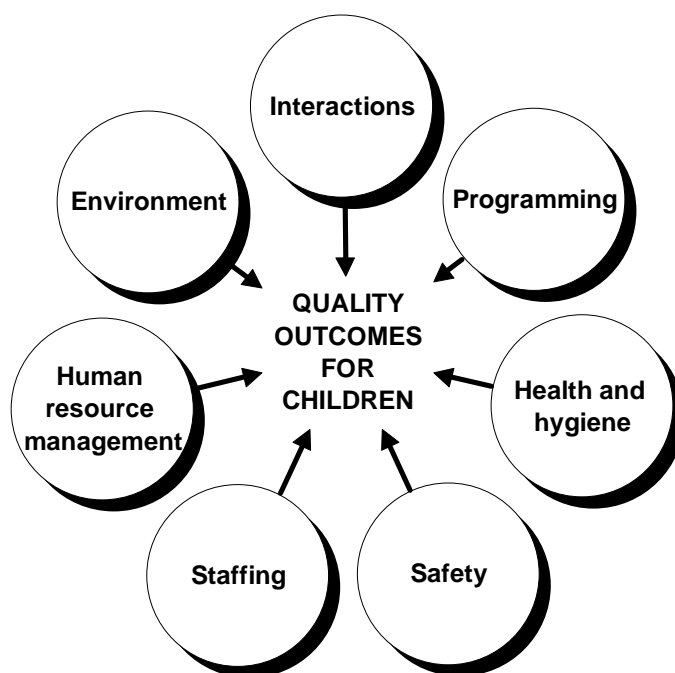
4.11 During visits to services the members of the assessment team held discussions with staff, observed developmental programs, practices and facilities, examined relevant documentation and collected funding and enrolment data for further analysis. Where the assessment involved a preschool program only, around 3 hours were spent within the service including either the beginning or end of the day or session. The assessment of community-based long day care centres involved around 6 hours within the service covering either a beginning or end of the day in addition to a meal break.

Basis of assessment

4.12 The assessment comprised evaluations against a range of criteria chosen on the basis of those aspects of service delivery which are recognised as key determinants or factors contributing to the achievement of quality care. Most of the matters addressed in the Children’s Services Centres Regulations 1988, Funding and Service Agreements, and the Commonwealth Quality Improvement and Accreditation System were incorporated within the criteria.

4.13 The assessment program was separated into the broad categories set out in Chart 4A.

**CHART 4A
CATEGORIES OF QUALITY**





4.14 A copy of the specific criteria used as a basis of the assessment in each of these broad areas is provided in Appendix A to this Report.

Interpretation of assessment results

4.15 For each service visited, a rating of excellent, adequate or poor was assigned to each specific criterion within the program. An excellent rating was given where the assessment team members considered that the service exceeded the criterion. An adequate rating was given where the criterion was met while a poor rating was given where the criterion was clearly not met.

4.16 The 45 services assessed in each of the 3 services types were randomly selected on a Statewide basis. The sample sizes were statistically viable to enable conclusions to be reached regarding the quality of services across the State. More detailed information regarding the statistical basis of the sample selection and assistance in interpreting the assessment results is provided in Appendix B to this Report. The Appendix includes tables which can be used in further interpreting the sample results discussed in the following paragraphs, from a Statewide perspective, at a confidence level of 95 per cent.

4.17 There were very few aspects of service delivery where all services visited were operating in line with the assessment criteria. However, in discussing the findings, emphasis has been placed on those aspects of service delivery where it was found that the criteria had not been met in at least 20 per cent of the services visited. Recognition is also given to those areas where a high level of compliance with a particular criterion was evident.

INTERACTIONS

Interactions between staff and children

4.18 The establishment of positive, supportive and responsive relationships between staff and children within a children’s service is critical to facilitating the development of interpersonal, language, social and intellectual skills. In fact, this aspect of service delivery was considered by the Panel of Advisers engaged to assist in the audit, and by the members of the team engaged to undertake the assessments, to be the most important determinant of quality. It was therefore disappointing that the interactions between staff and children in many services visited received poor ratings.

Preschool programs

4.19 The criteria used as a basis of assessing the adequacy of the interactions between staff and children within preschool programs, together with the proportion of each type of service visited which did not meet the criteria, are detailed in Table 4B.

**TABLE 4B
STAFF/CHILD INTERACTIONS
PRESCHOOL PROGRAMS**

<i>Criteria</i>	<i>Percentage of services not meeting the criteria</i>		
	<i>SK(a)</i>	<i>PS(b)</i>	<i>CB(c)</i>
Staff should have frequent positive interactions with children	20	42	37
Staff should show genuine respect, warmth and affection to children	22	29	23
Staff should be actively involved with children	30	44	42
Staff should create a comfortable atmosphere	16	31	19
Staff should use positive reinforcement and positive redirection of children	25	47	26
Staff should foster co-operative and pro-social behaviours	18	49	19
Staff should react appropriately to verbal and non-verbal signals	25	53	33
Staff should encourage children to verbalise their feelings and ideas	28	56	28
Staff should have a warm and caring attitude to children	20	29	21
There should be both fixed and floating staff	20	45	30

(a) Stand-alone kindergartens.
 (b) Private sector long day care centres.
 (c) Community-based long day care centres.

4.20 In comparing the results between the 3 different service types, the above table shows the interactions within stand-alone kindergartens were substantially better than those within the preschool programs delivered in long day care centres, particularly those in the private sector. Based on the methodology described in Appendix B, the results indicate that across the State staff in a proportion of stand-alone kindergartens, in the range 8 to 32 per cent, do not have frequent and positive interactions compared with a range of 29 to 56 per cent of private sector long day care centres.

4.21 While the interactions in stand-alone kindergartens were assessed as poor in many areas, the relatively better results are considered to have been impacted by the staffing situation in these services where 2 staff supported by at least one parent were involved in all the programs assessed.

4.22 The following extracts from comments made by members of the quality assessment team illustrate the differences in the outcomes for children in services where the interactions between staff and children were positive and those where interactions were poor.



Example of positive interactions

- “For most of the session at this stand-alone kindergarten a simultaneous indoor/outdoor program was running. Children were spread out between the 2 areas, having access to a wide range of attractively and thoughtfully presented age-appropriate and challenging play experiences that responded to individuals’ interests. The staff were warm and relaxed and repeatedly involved in individual or small group play for up to 20 minutes, capturing opportunities to extend the children’s play. The overall atmosphere in this program was relaxed with a happy ‘hum’ of children working. Conflict between children was rare, and when it did occur children were able to quickly resolve it between themselves.”

Examples of poor interactions

- “The atmosphere on arrival in the playroom of this preschool program, which was integrated with the long day care program, was noisy and chaotic, with approximately 15 of the 24 children simply running around the room, climbing over furniture and behaving in a frenetic manner. While observing the indoor program, there were never more than 5-9 children engaged in focussed play at any one time, and always 2-3 children sitting on the periphery looking bewildered. The teacher rarely got down to the children’s level, spending most of her time walking around. She appeared unaware of children who were out of control and needed to be contained, those who were overwhelmed by the chaotic environment or those who were visibly distressed.”
- “On arriving at this service the atmosphere in the room was loud and chaotic. A large number of children never settled into focussed play, constantly moving about and engaging in horseplay. These children were out of control and dominated the group dynamics, leaving quieter children to retreat to peripheral areas of the playground or playroom where they were safer from the effect of these children.”

Babies and toddlers

4.23 In the case of community-based long day care centres, the assessment also covered the staff interactions with babies and toddlers. The major areas of weakness highlighted during the visits, together with the proportion of services not meeting the criteria, are detailed in Table 4C.

**TABLE 4C
STAFF/CHILD INTERACTIONS
COMMUNITY-BASED LONG DAY CARE CENTRES
(BABIES AND TODDLERS)**

<i>Criteria</i>	<i>Percentage not meeting the criteria</i>	
	<i>Babies</i>	<i>Toddlers</i>
Staff should have frequent positive interactions with children	30	29
Staff should show genuine respect, warmth and affection to children	9	22
Staff should be actively involved with children	48	42
Staff should create a comfortable atmosphere	27	11
Staff should use positive reinforcement and positive redirection of children	23	27
Staff should foster co-operative and pro-social behaviours	19	18
Staff should react appropriately to verbal and non-verbal signals	32	33
Staff should encourage children to verbalise their feelings and ideas	30	38
Staff should have a warm and caring attitude to children	7	20
There should be both fixed and floating staff	23	20

4.24 The findings indicate that, across the State, staff in a proportion of community-based long day care centres, in the range 35 to 61 per cent, do not have sufficient active involvement with babies and, in the range 30 to 55 per cent, do not have sufficient active involvement with toddlers.

□ RESPONSE by Secretary, Department of Human Services

The Department supports audits view that an important determinant of quality is the establishment and development of positive interactions between staff and children. However, data from the ongoing monitoring undertaken by staff and analyses of parental concerns brought to the Departments attention do not support audit’s findings that interactions between staff and children are below average.

Departmental staff have ongoing contact with services and monitor the progress and development of preschool programs over time. In addition, the Department has a well developed system for receiving and addressing concerns raised by parents on the operation of services as parents are often best placed to observe the interactions between staff and children.

The Department has serious reservations about the methodology used by audit to reach these findings particularly as the conclusions have been reached on the basis of a single visit to a small sample of services.

Interactions between staff and parents

4.25 A sound relationship between staff and parents can assist in ensuring that the service complements the approach adopted by the family at home, thus providing consistency for the child. A co-operative approach can also assist in ensuring matters such as the cultural needs and preferences of parents are taken into account by staff in caring for the children.



4.26 Interactions between parents and staff can be in the form of verbal exchanges at the time the child arrives at, or departs from, the service. They can also involve providing parents with written or visual feedback regarding the child’s development progress and experiences, and providing opportunities for the parent to participate in orientation programs and to visit the service.

4.27 It was found that the interactions between staff and parents were generally adequate at the services visited, with those in community-based long day care centres substantially better than in the other 2 service types. In particular, most services visited:

- provided visual information to parents;
- provided orientation programs; and
- enabled parents to visit the service at any time.

4.28 However, in around 20 per cent of stand-alone kindergartens, and 24 per cent of private sector long day care centres visited, it was found that verbal interactions between parents and staff did not occur at the time children arrived at, or departed from, the service, or the exchanges were inadequate in terms of providing opportunities for the effective exchange of information about the children.

4.29 The following extracts from comments made by members of the quality assessment team illustrate the differences observed in interactions between staff and parents.

Example of co-operative approach between staff and parents

- *“The exchange of information observed at this service highlighted shared goals between staff and families. A parent arriving with a child commented to the staff member about her daughter, “She had breakfast this morning.” Staff member: “That’s great”. Parent: “But she hasn’t had a drink. What do you think?” Staff member: “We could offer her a drink in a while.” Parent: “Okay, she might have one from you.” Staff member to child: “L, would you like a drink of water?” (Child nodded). “Shall I get you one?” (Child shook head). “Will mum get you one?” (Child nodded). Parent: “That’s fine. I’ll get her one.” The staff member thanked the parent. The parent returned and another exchange occurred concerning the child’s eating and moved on to the child’s play. The parent stayed 5 minutes before farewelling both child and staff. The exchanges between adults and children were relaxed and families appeared to be central to the service.”*

Example of poor interactions between staff and parents

- *“The playroom at this service was extremely crowded by 9:00 a.m. and even if children were inclined to play with what was available, there was very little space to do so. The majority of parents dropping their children off slightly opened the door, gently nudged their child in, gave the staff a quick ‘hello’ and left. It is hard to say why this practice existed, but it is possible the environment was so cramped that it did not invite parents to enter the room. Given the co-ordinator reporting that many of the children attending the centre are considered to be ‘at risk’ in their home environment, the lack of communication and meaningful relationships between staff and parents is concerning.”*



Interactions between staff

4.30 A sound working relationship between the staff employed within a service can assist in:

- sharing information about children thus avoiding inconsistent approaches;
- establishing co-operative relationships with parents;
- setting a good example to the children; and
- reducing staff turnover by maintaining staff morale.

4.31 The results of the assessments indicated that interactions between staff were adequate in over 80 per cent of the services visited. Staff were seen to work well as a team, be flexible, and show respect and support to each other.

PROGRAMMING

4.32 Programming includes the planned use of play experiences, materials and equipment with a view to providing adult-directed and child-initiated developmental experiences. It also includes using routine experiences of children during the day, such as meal times, as development opportunities. Programming should take account of the development stage and needs of each child and activities should be planned on the basis of those needs.

4.33 The assessments in this area covered the programs observed at the time of the visit in addition to a number of physical aspects of the service which can impact on the delivery of a program including the indoor and outdoor environment and the equipment and facilities used in the programs.

Developmental programs - preschool

4.34 The assessment of this key aspect of preschool programs resulted in a large proportion of poor ratings. It was found that even some basic principles of programming, such as maintaining records of each child's development and ensuring the program is linked to the needs of the children participating, were not adhered to in many cases. This situation was particularly evident in stand-alone kindergartens. For each service type, the criteria used in the areas assessed as particularly weak, together with the proportion of services visited which did not meet the criteria, are set out in Table 4D.

**TABLE 4D
DEVELOPMENTAL PROGRAMS - PRESCHOOL**

<i>Criteria</i>	<i>Percentage of services not meeting the criteria</i>		
	<i>SK(a)</i>	<i>PS(b)</i>	<i>CB(c)</i>
Written developmental records should be maintained for each child	40	27	35
Records of children's development should form the basis of experiences and strategies incorporated in the program	56	38	42
A program should be observable in the room	22	31	21
A balanced range of indoor and outdoor play experiences should be available	38	64	60
The developmental approach should incorporate -			
Individual and stage appropriate play experiences	33	44	33
Cultural, diversity and gender equity issues	47	49	40
Child-directed and child-initiated play experiences	24	36	40
Problem solving	38	58	47
Opportunity for sustained effort and extension	31	64	49
Opportunity for children to work in small groups	20	36	40
Equipment and facilities should enable a quality program to be delivered	36	76	56
Programs should be evaluated and evaluations should be used for ongoing planning	53	44	49

- (a) Stand-alone kindergartens.
- (b) Private sector long day care centres.
- (c) Community-based long day care centres.

4.35 As indicated in the above table, many preschool programs in private sector long day care centres were assessed as weaker than in the 2 other service types in terms of adopting an appropriate developmental approach, providing a balanced range of indoor and outdoor experiences, and providing equipment and facilities which enabled a quality program to be delivered. The results indicate that in each service type there is a substantial proportion of services across the State providing preschool programs that are not developmentally appropriate for the needs of the children attending the services. For example, the results indicate that a proportion of private sector long day care centres, in the range 57 to 77 per cent, and a proportion of community-based long day care centres, in the range 48 to 73 per cent, do not provide an appropriate balance of indoor and outdoor experiences.



Planned outdoor play experiences are part of a balanced developmental program.
 (Reproduced with the permission of the Lady Gowrie Child Centre)

Developmental programs - babies and toddlers

4.36 In terms of developmental opportunities provided for babies and toddlers in community-based long day care centres, major deficiencies were also identified. The specific areas of weakness, together with the proportion of services not meeting the criteria, are set out in Table 4E.

**TABLE 4E
 DEVELOPMENTAL PROGRAMS
 COMMUNITY-BASED LONG DAY CARE CENTRES
 (BABIES AND TODDLERS)**

<i>Criteria</i>	<i>Percentage of services not meeting the criteria</i>	
	<i>Babies</i>	<i>Toddlers</i>
Written developmental records should be maintained for each child	20	31
Records of children’s development should form the basis of experiences and strategies incorporated in the program	36	38
A program should be observable in the room	25	18
A balanced range of indoor and outdoor play experiences should be available	52	60

TABLE 4E
DEVELOPMENTAL PROGRAMS
COMMUNITY-BASED LONG DAY CARE CENTRES
(BABIES AND TODDLERS) - continued

<i>Criteria</i>	<i>Percentage of services not meeting the criteria</i>	
	<i>Babies</i>	<i>Toddlers</i>
The developmental approach should incorporate -		
Individual and stage appropriate play experiences	25	42
Cultural, diversity and gender equity issues	27	40
Child-directed and child-initiated play experiences	11	22
Problem solving	34	44
Opportunity for sustained effort and extension	43	51
Opportunity for children to work in small groups	11	27
Equipment and facilities should enable a quality program to be delivered	52	51
Programs should be evaluated and evaluations should be used for ongoing planning	35	43

Indoor and outdoor facilities

4.37 The physical environment in which a program is delivered can impact on its quality. The environment not only refers to the size and physical aspects of the buildings used for children’s services but also the way in which activities and equipment are arranged, the types of floor surfaces and the amount of safe, protected outdoor space.

4.38 Indoor environments were generally assessed as adequate or excellent, with the exception of some private sector long day care centres. Some of the preschool programs provided by these services were delivered in an area temporarily partitioned off for that purpose. In these cases, the environment was often restrictive and dingy, and play areas for the children in the preschool program were not clearly defined.

4.39 Outdoor environments were often poor, particularly in private sector long day care centres with many of this type of service assessed as poor in terms of providing:

- open and shaded outdoor spaces and varied vegetation (33 per cent assessed as poor);
- open, covered outdoor space (31 per cent assessed as poor);
- a variety of outdoor play surfaces (40 per cent assessed as poor); and
- impact absorbent material under climbing equipment (33 per cent assessed as poor).

4.40 The absence of an adequate outdoor environment impacts not only on the provision of a quality developmental program but also on the health and safety of children in terms of protecting them from the effects of the sun and from injury.



4.41 In over 40 per cent of all services visited, it was found that sand pits were not clean and/or appropriately covered. With the exception of this issue, the outdoor environments of stand-alone kindergartens were materially better than in other service types.

4.42 The following extracts from comments made by members of the quality assessment team illustrate the differences observed between services where outdoor facilities and programs were appropriate and those where the facilities and programs were poor.

Example of appropriate outdoor program

- *“Children in this service had access to a wide range of open ended activities and the time and space to explore them. An open door program allowed children extended time to investigate and create outdoors. For example, a child spent close to 2 hours building and digging outdoors using logs, wood, hammers and nails. There were several children who became involved at various points, but the core play originated, revolved around and extended from a small group’s interest. Staff were asked for various materials as the play evolved in complexity and direction. Access to outdoors was provided for a large proportion of the program.”*

Examples of poor outdoor programs

- *“The inadequate amount of outdoor materials and equipment provided by this service did not reflect the very broad range of abilities and interests of the individual children within the group. This was particularly obvious in relation to a group of 6 older 4-year old boys, who wandered purposelessly for most of the outdoor play period looking for something of interest to do. After not being able to locate something, they settled on throwing frisbees at unsuspecting children. These boys in particular really needed some play opportunities to challenge them in an area of known enjoyment, thus meaningfully engaging them and extending their knowledge and skills.”*
- *“The playground at this service was uninviting and in great need of attention. There were only 3 different surfaces: artificial grass, tanbark and concrete. There was not one plant in the area. The play area was hard and uninviting and, apart from 2 sandpits, had no other sensory materials available.”*

□ *RESPONSE* by Secretary, Department of Human Services

As expressed in previous comments, the Department has serious reservations about the methodology used by audit to assess the quality of programs, and in particular, observations made during visits to a small sample of services. The Department has implemented a range of strategies to support the provision of quality funded programs. Preschool services are required to employ qualified early childhood practitioners to develop and operate programs. Under the proposed Regulations, all licensed services will be required to ensure that an educational or recreational program is provided which is based on the developmental needs, interests and experiences of each of the children cared for or educated by the service, and sensitive to individual differences of those children. This will further enhance the delivery of quality programs in all Victorian registered services.

HEALTH AND HYGIENE

4.43 The observance of good health and hygiene practices is particularly important in an environment where a large number of young children are mixing together given the need to provide adequate nutrients at this early stage of development and to reduce the spread of any infectious diseases.

4.44 During visits to services, observations were made in relation to a range of health and hygiene issues, including nappy changing facilities and procedures, food handling and storage practices, procedures for cleaning hands and equipment, storage facilities for personal items, and immunisation policies and practices.

Areas of strength

4.45 In over 90 per cent of services visited, standards were adequate or excellent across all service types in relation to the following health and hygiene aspects:

- hand drying towels were not shared by children;
- refrigeration facilities were adequate;
- food was served hygienically; and
- dishwashing procedures were adequate.



Hygienic handling of food.

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4.46 In addition to the above, it was found that children’s toilets were regularly cleaned in stand-alone kindergartens and many other health and hygiene aspects were assessed as adequate in community-based long day care centres. Table 4F sets out the criteria relating to the areas of strength in these services in addition to the proportion assessed as adequate or excellent.

**TABLE 4F
HEALTH AND HYGIENE - AREAS OF STRENGTH
COMMUNITY-BASED LONG DAY CARE CENTRES**

<i>Criteria</i>	<i>Percentage of services assessed as adequate or excellent</i>
Change bench should be disinfected after each nappy change	93
Safe nappy change benches should be provided	93
Dirty nappies should be stored safely	98
Disposable nappies should be disposed of safely	98
Hand drying towels should not be shared by staff	91
Children's bedding should be individually stored	96
Children's toilets should be cleaned regularly	96
Indoor rubbish should not be accessible to children	93

Areas of weakness

4.47 Standards of health and hygiene in many other key areas were found to be poor. In particular, it was found that appropriate hand washing procedures had not been followed by staff in 51 per cent of community-based centres, 44 per cent of private centres and 38 per cent of stand-alone kindergartens visited. In addition, the staff in many services did not wear protective clothing when preparing meals.

4.48 Areas of poor performance within specific service types considered to present risks to the health and hygiene of children were also identified. Details of these areas, together with the proportion of services which did not meet the assessment criteria, are set out in Table 4G.

**TABLE 4G
HEALTH AND HYGIENE - AREAS OF WEAKNESS**

<i>Criteria</i>	<i>Percentage of services not meeting the criteria</i>
<i>Community-based long day care centres -</i>	
<i>Nappy changing -</i>	
Procedural instructions should be visible to staff	40
Instructions should be adhered to	24
Steps to change bench should be provided for older children	27
Suitable practices should be adopted for cleaning babies	36
After changing nappies, staff should promptly wash their hands	24
Toys, including dress-up clothes, should be regularly disinfected	32
<i>Private sector long day care centres -</i>	
Hand drying towels should not be shared by staff	22
<i>Stand-alone kindergartens -</i>	
Hand drying towels should not be shared by staff	48
Children should not have access to indoor rubbish	29



Immunisation

4.49 The immunisation of children has become a matter of public debate and community concern in recent times due to an increase in the incidence of certain communicable diseases and a reduction in the proportion of children who are fully immunised. In terms of children’s services, the current State legislation, in the form of the *Public Health Act* 1992, requires services to report the outbreak of certain diseases to the Department of Human Services and exclude non-immunised children in certain cases. The National Childcare Accreditation Council also advocates that services maintain an up-to-date record of each child’s immunisation status, develop a policy to exclude unimmunised children during the outbreak of communicable diseases and provide parents with information about child immunisation.

4.50 It was found that 58 per cent of stand-alone kindergartens, 39 per cent of private sector long day care centres and 36 per cent of community-based long day care centres visited were rated as poor in relation to immunisation policies. Examples ranged from those services which did not have a stated policy in place to a minority of services which had a comprehensive policy dealing with all relevant issues. The content of policies displayed a range of understanding, or misunderstanding, of requirements in this area and most services had not developed a policy in relation to the immunisation of their staff. The following variations in practices were evident:

- While most services sighted immunisation details at the time children were enrolled, only a small number required the records to be regularly updated by parents;
- Many long day care centres required non-immunised children to be excluded during an outbreak of an infectious disease while others simply advised the parents of non-immunised children of the outbreak and left the exclusion decision up to the parents. In a small number of services, children who were not immunised could not be enrolled; and
- Many services, particularly long day care centres, actively encouraged parents to immunise their children while a small number saw immunisation solely as a responsibility of parents.

SAFETY

4.51 The physical safety of children is an important aspect of a quality children’s service. Facilities need to be provided which minimise day-to-day accidents, prevent children from leaving the service unsupervised, prevent unauthorised entry to the service and enable appropriate action to be taken in the case of major emergencies such as fires.



Areas of strength

4.52 Standards in regard to the following aspects of safety had been met in more than 90 per cent of services visited, across all service types:

- external doors were childproof;
- procedures were in place for evacuating children;
- fire extinguishers and sprinklers were installed;
- storage areas were secure and vermin proof; and
- staff were appropriately dressed.

4.53 In some areas, performance was assessed as at least adequate in a high proportion of services in particular service types. The criteria used as a basis of assessment in their areas of strength, together with the proportion of services assessed as adequate or excellent, are provided in Table 4H.

**TABLE 4H
SAFETY - AREAS OF STRENGTH**

<i>Criteria</i>	<i>Percentage of services assessed as adequate or excellent</i>
<i>Community-based long day care centres -</i>	
Gates should be childproof	96
Laundries should be inaccessible to children	91
Heater guards should be in place	98
There should be procedures for evacuating toddlers	98
Staff should possess first aid qualifications	98
Cots and bedding should be safe	93
<i>Private sector long day care centres -</i>	
Gates should be childproof	95
Laundries should be inaccessible to children	93
Staff should have first aid qualifications	90
<i>Stand-alone kindergartens -</i>	
Heater guards should be in place	98

Areas of weakness

4.54 Across all service types a high proportion of services did not meet certain safety criteria. Details of the specific areas of weakness, together with the proportion of services which did not meet the criteria, are set out in Table 4I.

TABLE 4I
SAFETY - AREAS OF WEAKNESS

<i>Criteria</i>	<i>Percentage of services not meeting the criteria</i>		
	<i>SK(a)</i>	<i>PS(b)</i>	<i>CB(c)</i>
Internal doors should be childsafe	70	66	44
Child care areas should be protected from unsupervised or unauthorised entry	64	33	42
Fences should be unclimbable	73	48	67
Fire drill should be displayed and practised	27	36	36
All staff should be able to use fire extinguishers	32	47	42
Smoke alarms should be installed	49	40	44
Emergency lighting should exist	73	42	53

(a) Stand-alone kindergartens.
(b) Private sector long day care centres.
(c) Community-based long day care centres.

4.55 In addition to the common areas of weaknesses, there were a number of criteria which were often not met within specific service types. The criteria relating to the areas of weakness, in addition to the proportion of services which did not meet the criteria, are detailed in Table 4J.

TABLE 4J
SAFETY - AREAS OF WEAKNESS

<i>Criteria</i>	<i>Percentage of services not meeting the criteria</i>
<i>Community-based long day care centres -</i>	
There should be procedures for evacuating babies	27
Babies should be slept on their backs	29
<i>Private sector long day care centres -</i>	
Children should not be able to access the kitchen	27
<i>Stand-alone kindergartens -</i>	
The drop-off zone should be family-friendly and safe	22
Children should not be able to access the kitchen	51

STAFFING

4.56 Factors which can impact on the development of sound interactions between staff and children and on the ability of staff to delivery a developmentally appropriate program are the ratio of staff to children within a service as well as the qualifications and experience of the staff. Positive relationships between staff and children are also dependent on staff consistency. This is important to the child’s need to have secure attachments with trusted adults. Factors which can work against such consistency are high levels of staff turnover, inappropriate staff rostering practices and the use of a large number of relief staff.



4.57 The Children's Services Centres Regulations 1988 specify the following standards to be met by Class 1 services in relation to the ratios of staff to children and the ratios of qualified staff to children:

- one staff member for every 5 children, or part thereof, under 3 years of age;
- one staff member for every 15 children, or part thereof, 3 years or over;
- one qualified staff person to every 15 children, or part thereof, under 3 years of age; and
- one qualified staff person to every 30 children, or part thereof, 3 years of age and over.

4.58 The Regulations list the qualifications which can be taken into account in determining qualified staff/child ratios.

4.59 In developing national standards for long day care centres, it was initially intended that standards would be established in relation to ratios. However, ultimate agreement could not be reached on the proposed staff/child ratio of 1 to 5 (1 to 10 for qualified staff) for children under 3 years and the proposed staff/child ratio of 1 to 11 (1 to 22 for qualified staff) for children 3 years and older. The States and Territories continue to stipulate different requirements within their respective regulations. In the case of children over 3 years, the Victorian staff/child ratio of 1 to 15 is less stringent than the required ratios of all other States and Territories which range from 1 to 10 to 1 to 12. The requirements to have one qualified staff for every 15 children under 3 years and one qualified staff for every 30 children over 3 years are also less stringent than most other States.

4.60 The Regulatory Impact Statement issued by the Department of Human Services in October 1997 did not include an assessment of the impacts current ratios may be having on development programs for children or other quality aspects and it is intended that current requirements will continue to apply in proposed new regulations. Given that some early childhood development experts have raised concerns regarding the appropriateness of the current ratios, it is considered that such an assessment would have added value in determining future directions. It is worth noting that, as indicated in Table 4C of this Report, staff in community-based long day care centres were found to be warm and caring towards babies. However, in many cases their interactions with the babies were not sufficiently frequent or adequate. The extent to which the current ratio of 1 adult to 5 babies contributes to this situation should be determined by the Department.

4.61 For the purposes of undertaking assessments during the audit, the regulatory requirements in relation to overall staff/child ratios and qualified staff/child ratios were used as the criteria. The consistency of staff in terms of rostering, the turnover of staff and the use of relief staff were also assessed, as was the adequacy of planning time available to staff.



Staff ratios - overall staffing numbers

4.62 On the day of the visits to services, staff/child ratios were generally in line with regulatory requirements with 100 per cent of private sector long day care centres, 98 per cent of stand-alone kindergartens and 94 per cent of community-based long day care centres meeting the requirements. However, some concerns were expressed by members of the assessment team in relation to:

- The interpretation by services that Regulations covering staff/child ratios referred to staff in the building but not necessarily supervising the children. In many cases, staff at services indicated that they were confident this interpretation coincided with the view of the Department of Human Services. Contrary to this widespread interpretation, the Department provided advice during the course of the audit that staff/child ratios should be based on the number of staff actively involved with the children;
- Staff/child ratios were not always maintained during staff lunch and tea breaks, during planning periods and at family grouping times early in the morning or late in the day; and
- Preschool programs in private sector long day care centres where 15 or less children were involved. Although the required staff ratios were observed in these cases, the involvement of only one staff member was considered by the assessment team to impact on the quality of the programs delivered.

RESPONSE by Secretary, Department of Human Services

The Regulations establish minimum requirements for staffing and staff/child ratios in Victoria. The Department notes audits findings that a very high level of compliance with these standards was observed during audit visits. It is proposed to introduce a minimum two year early childhood qualification and withdraw the Primary Teaching qualification for new staff under the Children’s Services Act 1996 and Regulations. A new licensing manual is being developed which will assist the industry to understand the reasoning and interpretation of staffing regulations.

Staff ratios - proportion of qualified staff

4.63 The majority of all services were rated during the audit quality assessments as adequate in relation to staff qualifications, with all services employing appropriately qualified staff in the ratios required under the Regulations at the time of the visit. The 2 per cent of private sector long day care centres, 5 per cent of community-based long day care centres and 5 per cent of stand-alone kindergartens that were rated as excellent in relation to staff qualifications, did so on the basis that all staff were qualified and held additional skills, such as a second language, and had attended more than one in-service training session in the last 12 months.



*Early childhood staff attending in-service training.
(Reproduced with the permission of the Lady Gowrie Child Centre)*

4.64 Comments by the quality assessors in relation to weaknesses in staff qualifications focused on the following areas:

- the lack of early childhood development skills displayed by staff delivering preschool programs who had primary school teacher qualifications; and
- the difficulties experienced by teachers working within long day care centres who were trained with an orientation to sessional kindergarten.

Staff consistency

4.65 A staff turnover of 20 per cent, or less, in the 12 months prior to the visit was used as the criterion for assessing this aspect of consistency. Within this context, most services were assessed as adequate or excellent. However, members of the assessment team commented on a high staff turnover in over 10 per cent of private sector long day care centres. Factors such as difficulties for staff in implementing a preschool program in a room with a staff ratio of 1 to 15, the lack of planning time available and shortcomings in personnel practices were cited as contributing to this situation.

4.66 All service types were generally rated as adequate in terms of maintaining consistency through appropriate staff rostering and in the use of relief staff. Most services maintained a pool of qualified and unqualified relievers who have become known to the children and were used as the first choice in cases of regular and unscheduled staff absences.

Planning time

4.67 The quality of programs delivered in children’s services, particularly those for the preschool age group, can be influenced by the amount of time allocated to planning. Within stand-alone kindergartens, planning time available to staff varied from 2 hours per week, in services where teachers worked less than 10 hours per week, to 20 hours per week, in the case of full-time teachers. Planning time was used for program development, setting up and packing away equipment, home visits and various administrative tasks.

4.68 In comparison, teachers in long day care centres had significantly less planning time allocated with 60 per cent of all services visited providing only 2 hours to qualified staff. Relief staff were generally made available during that time.

4.69 In 27 per cent of private sector long day care centres and 7 per cent of community-based long day care centres, less than 2 hours planning time was provided per week or, as relief staff were only provided on an irregular basis, planning did not always occur. In addition, the space provided for planning in these centres was often poor with planning conducted in rooms accessed by children, on kitchen benches with little privacy, or in offices in which staff also attended to inquiries and phone calls. Planning for family grouping times was either poor or did not exist.



*Staff member undertaking program planning.
(Reproduced with the permission of the Lady Gowrie Child Centre)*



4.70 The differences between the planning time allocated to staff in stand-alone kindergartens and in long day care centres primarily reflects different award conditions for the staff in each service type.

4.71 Given the advantages afforded to teachers in stand-alone kindergartens in terms of planning time, it was surprising that a higher proportion of this service type rated poorly in terms of maintaining individual records for each child, demonstrating a clear link between the programs delivered and the individual observations regarding the stage of development of children, and regularly evaluating programs.

4.72 The following extracts from comments made by members of the quality assessment team illustrate the differences observed between services where high quality planning for developmental programs was in place and services where planning was poor.

Example of high quality planning

- “The teacher in this service is using detailed and complex levels of evaluation of the program and particular projects which add to the relevance of her ongoing planning. She combines a diary of her experiences, thoughts, difficulties and ideas with audio recording, photographs and written observations. The outcomes of the evaluation are seen in the changes incorporated into the program and the awareness of child contributions. For example, a child who arrived late brought her dinosaur. The teacher provided a warm greeting and chatted with the child about the dinosaur, and, linking to an earlier drawing of another child, suggested that perhaps they could include some more information on dinosaurs into the program. The child nodded and went to the block area where she began to construct a structure around her dinosaur.”

Example of poor planning

- “The general atmosphere in this service was one of neglect and tiredness. The individual planning was almost non-existent. The whole group plan, while listing some very relevant strategies to develop the children’s social skills, presented only one planned play experience for the entire indoor and outdoor play areas. The range of experiences actually provided was limited and did not offer many children any opportunity to challenge themselves. This was particularly concerning as there were a noticeable number of children 5 years of age and older.”

CENTRE ENVIRONMENT

4.73 In terms of being clean, orderly, tidy, light and airy, comfortable and spacious, most stand-alone kindergartens were assessed as adequate. However, a significant proportion of long day care centres were assessed as poor in relation to the following criteria:

- the service should be clean (33 per cent of community-based centres and 22 per cent of private sector centres);
- the service should be spacious and not cramped (31 per cent of private sector centres and 20 per cent of community-based centres);



- the centre should be attractive, aesthetically pleasing and stimulating (40 per cent of community-based centres and 38 per cent private sector centres);
- sufficient equipment should be provided for the number of children cared for (24 per cent of private sector centres); and
- equipment should be clean and well maintained (22 per cent of private sector centres and 20 per cent of community-based centres).



*Making use of outdoor equipment.
(Reproduced with the permission of the Lady Gowrie Child Centre)*

HUMAN RESOURCE MANAGEMENT

4.74 Services were assessed on the adequacy of their personnel policies and practices and administrative environments. The adoption of a sound framework in these areas is important in terms of developing and maintaining the professional skills of staff, ensuring staff have clear direction in relation to the service’s approach and philosophy and in protecting staff from stress and other occupational hazards.

Personnel policies and practices

4.75 In over 62 per cent of private sector long day care centres and 84 per cent of stand-alone kindergartens visited, the range and quality of personnel policies and practices in place were assessed as poor. The types of deficiencies identified, together with the proportion of services which had not developed the required policies or practices, are set out in Table 4K.

**TABLE 4K
ABSENCE OF PERSONNEL POLICIES**

<i>Type of policy or practice</i>	<i>Percentage of services where policy or practice was not in place</i>	
	<i>SK(a)</i>	<i>PS(b)</i>
Written job descriptions for each position	47	31
Staff orientation program	76	33
Staff appraisal system	69	42
Professional development policies	64	38
Occupational health and safety policy	67	40

(a) Stand-alone kindergartens.

(b) Private sector long day care centres.

4.76 In some stand-alone kindergartens, staff reported that policies were under development or that, as they had been employed in the service for a long period of time, they considered these policies were either implicit or unnecessary.

4.77 Given the low standard of program planning evident during the audit assessments, it is significant that 69 per cent of stand-alone kindergartens and 42 per cent of private sector long day care centres visited did not have systems for staff appraisal. In addition, similar proportions of these services did not have professional development policies.

4.78 In 25 per cent of stand-alone kindergartens visited, staff commented on their sense of isolation and lack of professional support and development. Factors cited as affecting teachers' professional support included:

- reduced opportunities for in-service training and networking as a result of funding cuts;
- difficulties in planning a career beyond the current year since the introduction of per capita funding and the consequent reliance on annual enrolment numbers to determine working hours; and
- limited access to training and development opportunities due to the increasing number of obligations on the teachers' time.



4.79 In contrast to the other service types, in 67 per cent of community-based long day care centres, personnel policies were rated as adequate or excellent. In particular:

- 97 per cent had written job descriptions;
- 89 per cent had staff policy handbooks; and
- 96 per cent had a mechanism for handling complaints.

4.80 This situation is considered to result, to some extent, from the involvement of local government in the provision of the services. Thirty-one per cent of services visited indicated that their policies originated from their local council. However, the existence of policies in community-based long day care centres did not overcome problems expressed by some staff in relation to declining staff conditions and service quality caused by funding cutbacks and the onset of compulsory competitive tendering. Issues cited by staff as impacting on their work included reduced staffing levels, loss of council support, staff being “*stretched to the limit*” and staff taking pay cuts to compensate for loss of revenue.

Administrative environment

4.81 Ninety-one per cent of community-based long day care centres were rated as adequate or excellent in regard to the administrative environment. All services held adequate staff meetings, afforded staff autonomy in their rooms and enabled staff to recommend equipment and improvements. Stand-alone kindergartens also rated highly in the provision of planning time and space, and in the autonomy afforded to staff. However, more than half of the stand-alone kindergartens visited did not have separate staff amenities.

4.82 While there was little difference in the ratings assigned to private sector long day care centres and stand-alone kindergartens in relation to their administrative environments, matters of particular note in relation to private sector services included the following:

- the assessment team members commented that the preparation for accreditation had been a factor in many cases in increasing the frequency of staff meetings;
- where staff could only attend staff meetings in their own time, participation was low; and
- in 27 per cent of services, staff amenities for non-child contact breaks were poor.

Part 5

Regulation and enforcement

OVERVIEW

5.1 As the State’s regulator of children’s services, the Department of Human Services plays a key role in protecting the safety and welfare of children attending Victorian services. The audit identified that a range of deficiencies in the approach and practices of the Department in performing its major regulatory functions worked against its effectiveness in terms of achieving outcomes for children. Specifically, it was found that:

- the registration approval processes in place did not provide assurances that only suitable people were approved to manage or control services;
- the level and focus of inspections were not conducive to effectively promoting regulatory compliance and ensuring contraventions were promptly detected and addressed;
- inspections conducted by the Department did not generally address a number of the key aspects contributing to quality outcomes for children;
- under the current approach of the Department, some services are able to operate with a high incidence of or ongoing non-compliance with regulatory requirements without strong enforcement action by the Department;
- prosecution is generally only pursued as a reaction to a serious incident rather than as a deterrent; and
- complaints regarding services are not always adequately investigated.

5.2 A number of aspects relating to staffing, information systems and quality assurance processes were also found to be inadequate in terms of supporting the Department in its regulatory role.

5.3 Proposed legislative changes will go some way towards strengthening requirements to be met by services. However, much greater attention will need to be given by the Department to improving the practices adopted in administering the legislative framework for it to be fully effective. It is hoped that the structural and administrative changes, which the Department has advised are already in train, will address the issues identified during the audit.

RESPONSE by Secretary, Department of Human Services

The Department's current systems and procedures provide an effective means for assessing whether all applicants for registration are suitable and that they continue to be suitable to hold a certificate of registration. As part of the implementation of the Children's Services Act 1996, the Department has undertaken a comprehensive review of its internal procedures and practices and will considerably strengthen and enhance these systems to ensure that licenses are only granted in situations where the person operating and managing the service is "fit and proper" to do so.



□ **RESPONSE** by Secretary, Department of Human Services - continued

The Department does not believe that under current arrangements, children's services centres are able to continue operating without effective and strong enforcement action being taken where there is clear evidence of demonstrated, serious breaches of the Health Act 1958 and the Children's Services Centres Regulations 1988. Prosecution actions are taken in cases of serious, ongoing breaches of the Regulations and as a deterrent to other proprietors. These arrangements will be further strengthened under the new licensing system.

INTRODUCTION

5.4 Under the current legislative framework, the Department of Human Services is responsible for registering services under the *Health Act 1958* and enforcing the requirements of the *Children's Services Centres Regulations 1988*. These functions are primarily carried out by Children's Services Advisers located within the Department's regional offices. The Head Office of the Department performs an overseeing role and takes greater responsibility where the prosecution of a service is anticipated.

5.5 The examinations undertaken during the audit focused on the Department's activities in the areas of registering and inspecting services, investigating complaints and serious accidents, and taking legal action against services. The extent to which the staffing, information systems and quality assurance practices in place within the Department were conducive to the efficient and effective performance of these functions was also assessed.

5.6 The proposed changes to the regulatory framework expected to come into operation in mid-1998, in the form of the *Children's Services Act 1996* and *Children's Services Regulations 1997*, will result in some specific changes in legislative requirements. A restructuring process within the Department is also expected to result in a greater devolution of operational responsibilities to the regions and an increased emphasis within the Head Office of the Department on policy development, standard setting and monitoring. Despite these changes, responsibility for the functions assessed during the audit will all remain within the Department. Consequently, the issues raised and shortcomings discussed in this Part of the Report, will be relevant under the new environment.

5.7 With a view to contributing to the change process, some comments are provided regarding the proposed legislative framework and the extent to which it will address the matters raised during the audit. A more detailed response to the Regulatory Impact Statement issued by the Department for public comment, along with the proposed regulations, was provided to the Secretary of the Department in early December 1997. The timing of the response was aimed at meeting the Department's timetable so that it could be taken into account prior to finalising the proposed regulations.

REGISTRATION OF SERVICES

Registration framework

5.8 Under the *Health Act 1958*, premises in which children's services are located are required to be registered. Departmental assessment of applications for registration involves consideration of the suitability of:

- the premises proposed to be used to deliver the service, including its site and situation; and
- the proposed proprietor, i.e. the applicant and any person nominated by the applicant to assume responsibility for the management and control of the service in the applicant's absence.

5.9 In examining registration processes, the audit placed emphasis on the mechanisms used for assessing the suitability of applicants and their nominees as this aspect was seen as critical to eliminating the risk that unsuitable people could gain access to children. The approval of suitable people was also considered a key factor in facilitating the delivery of a quality service. Issues associated with the assessment of the suitability of premises were not evaluated as part of the audit.

Suitability of proprietors

5.10 In order to establish suitability, the Department requires applicants and their nominees to demonstrate their knowledge of the Regulations through completion of a test, attend interviews or workshops conducted by the Department and provide character references.

5.11 Given the importance of this process, it was disappointing to find significant weaknesses in the assessments undertaken. It was evident that under current procedures it would be possible for unsuitable people to be approved by the Department. In fact, some instances were examined during the audit where newly registered services had performed poorly from the time of initial registration even though those responsible for operating the service had been through a Departmental approval process.

5.12 In terms of the specific weaknesses identified, in many instances there was little evidence that during the approval process the Department had:

- adequately assessed the soundness of responses given during tests and interviews;
- checked the veracity of references provided in support of applications;
- tested potential proprietors regarding their knowledge of what constitutes a quality children's service;
- checked the previous employment history of proprietors within the child care industry through routinely seeking references from former employers;
- in the case of corporate bodies, adequately checked the suitability of all individual directors, either at the initial registration stage or at the time of any subsequent change of directorship; and
- sought information regarding the previous histories of proprietors either across the Department, with other relevant State agencies such as the Department of Education or with similar agencies in other States.

□ **RESPONSE** by Secretary, Department of Human Services

The Department refutes audit's conclusion that it would be possible for unsuitable people to be approved by the Department. The Report has not provided evidence to support this contention. Applicants for registration are only given a certificate of registration after they have been properly assessed in accordance with the standards required under the Health Act 1958. New applicants are monitored after a licence has been granted and are provided with assistance where this is required. If necessary, in cases where the proprietor has clearly demonstrated that they cannot meet the minimum standards of care required under the current Regulations, they have had their licences reviewed or other statutory action taken.

Proposed changes

5.13 The new legislation will involve certain changes in this area including a move from a registration process to a licensing system. The proposed regulations also provide for more extensive checking to establish the fitness and propriety of persons to operate, manage or control children's services including the introduction of police checks for key people.

5.14 While the strengthening of the requirements is considered a positive step, for the proposed changes to be effective they will need to be accompanied by a significant strengthening of the processes adopted by the Department to administer the licensing system.

5.15 In recent years, there has been an increased involvement of the private sector in long day care centres and a trend to transferring proprietorship of community-based services from local councils to committees of management. Given these trends, the suitability checks of individual directors of private companies and the office bearers of committees will increasingly become an issue of importance for the Department. In terms of checking the suitability of company directors, the proposed regulations will require more extensive testing of directors who will control the service than of those who will not have involvement in its day-to-day operations. It is considered that in addition to the proposed regulatory requirements, even greater attention will need to be placed on those company directors who will have interactions with children.

□ **RESPONSE** by Secretary, Department of Human Services

The Department agrees with audit's comments concerning the importance of suitability checks of proprietors. As previously stated, the Department is implementing comprehensive reforms to the licensing of children's services. A major feature of the new system is more rigorous and comprehensive testing of new and existing proprietors. For the first time the relevant statute has mandated criteria to assess whether licensees are "fit and proper" to hold a licence. The use of police checks of proprietors and primary nominees will result in greater levels of confidence by users of services that proprietors have been thoroughly assessed before being allowed to operate or manage a service. The revised licensing, monitoring and renewal process will help to ensure that proprietors of children's services are regularly monitored and assessed before a license is renewed. The matters raised by audit in relation to registration of services will be addressed under the new system.

□ **RESPONSE** by Secretary, Department of Human Services - continued

A new manual is being developed to provide comprehensive instructions to departmental staff on the administration of the new licensing system, including minimum performance standards and an ongoing training program will be implemented on new licensing procedures.

The Department, however, does not concur with audit's conclusions and findings in relation to existing regulation and enforcement practice. The Department's current systems and procedures provide an effective means for assessing whether applicants for registration are suitable and that they continue to be suitable to hold a certificate of registration.

Moreover, the Department does not believe that under the current arrangements, children's services centres are able to continue operating without effective and strong enforcement action being taken where there is clear evidence of demonstrated, serious breaches of the Health Act 1958 and the Children's Services Centres Regulations 1988. Prosecution actions are taken in cases of serious, ongoing breaches of the Regulations and as a deterrent to other proprietors. These arrangements will be further strengthened under the new Act.

The Department investigates all breaches of the Regulations notified to it. As previously stated, as part of the implementation of the Children's Services Act 1996, the Department has comprehensively reviewed its internal procedures and practices. The revised systems will ensure that licences are only granted in situations where the person operating and managing the service is "fit and proper" to do so.

INSPECTIONS

Inspection coverage

5.16 The *Health Act 1958* provides for the inspection of children's services by persons authorised by the Secretary of the Department. Although the legislation does not specify the frequency of inspections, the Department has established a target of conducting an annual inspection of each service, ideally prior to the annual renewal of each service's registration.

5.17 In practice, significant differences were found to exist in the inspection coverage of services within the regions visited. For example, testing of a random sample of services in one region revealed that only around 41 per cent had been inspected during the previous 12 months. In the same region, 20 per cent of the services in the sample had not been inspected for over 2 years with some not inspected for over 3 years. While services in the other 2 regions visited had been inspected more frequently, 14 per cent of a sample of services in one region and 8 per cent in the other had not been inspected in the previous 12 months.

5.18 In addition to the annual inspection program, regions had conducted more frequent inspections of a small number of services where the annual inspections had identified the need for regular monitoring of the service or where a visit had been made in response to a complaint or serious incident reported to the Department.



5.19 Where annual inspection coverage had not been achieved, or where the inspection regime was outside this annual framework, the selection of services for inspection was not based on comprehensive assessments which ensured available resources were effectively targeted on the basis of risk. It was also found that departmental practices enabled registrations to be renewed without the conduct of an annual inspection and without necessarily taking into account the results where annual inspections had been completed.

5.20 Overall it was concluded that the inspection coverage, both in terms of frequency and targeting, was not conducive to promoting regulatory compliance and ensuring contraventions were promptly detected. To ensure resources are more strategically focused, it was recommended to the Department that a structured risk-based approach be adopted which comprises a sound assessment of the nature and history of each service.

Follow-up and analysis of inspection outcomes

5.21 In most cases examined, reports were issued by the Department subsequent to inspection visits setting out details of any non-compliance matters detected and asking services to promptly address the matters raised. However, it was found that:

- in some cases delays of up to 6 months occurred in issuing reports to proprietors;
- procedures in place were not adequate to ensure the matters raised in reports were subsequently addressed by services; and
- where a regime of regular monitoring inspections was recommended as a result of a visit to a service, such inspections were often not undertaken or were undertaken outside the proposed timeframes.

Results of inspections

5.22 In 2 regions visited, around 80 per cent of inspection reports examined identified non-compliance with the regulations and in the remaining region non-compliance matters were identified in all inspection reports examined. Where non-compliance was detected, the number of contraventions generally ranged from 2 to 6 per service with as many as 16 contraventions identified in a small number of services. The results indicated that most registered services had not met the minimum standards defined in the regulations in at least some areas. In some cases non-compliance observed during one inspection was still evident during the next annual inspection.

5.23 The most common types of matters detected during inspections were insufficient impact absorbing materials under play equipment, out of date items in first aid kits, hazards presented to children by physical aspects of the building and play areas, incomplete enrolment, attendance and other records, and non-compliance with requirements to display certain information.



5.24 In comparison with the results of Departmental inspections, the quality assessments undertaken as part of the audit, and discussed in Part 4 of this Report, revealed a greater number and a much broader range of unsatisfactory matters of greater significance to the outcomes for children. They included matters concerning the developmental programs delivered within services, interactions between staff and children and health and hygiene practices adopted.

Focus of inspections

5.25 The variations in the results of departmental inspections and audit assessments arose from differences in the approaches taken. On one hand, inspections undertaken by the Department substantially assessed regulatory compliance with checklists used by Children’s Services Advisers focusing on readily measurable items such as staff/child ratios, physical aspects of the premises and facilities, enrolment records and information displayed within services. There was very limited evidence that inspections covered issues associated with service quality or compliance with conditions attached to preschool funding such as the delivery of a developmentally appropriate program. In contrast, the quality assessments undertaken as part of the audit had a greater focus on factors contributing to the achievement of quality care.

5.26 In summary, it was concluded that while the departmental inspections focused on the *inputs* to a children’s service such as the staff, equipment and facilities, the audit assessments were also directed at the *outcomes* for children in terms of the practices adopted within services and the developmental experiences of children. Table 5A, which uses 4 specific areas by way of example, illustrates the difference in focus.

**TABLE 5A
FOCUS OF INSPECTIONS/ASSESSMENTS**

<i>Area examined</i>	<i>Issues addressed</i>	
	<i>Departmental inspection</i>	<i>Audit assessments</i>
Developmental Programs	Was a developmental program displayed by the service?	Was the program delivered at the time of the visit based on the needs of the individual children participating in the program? Did staff have frequent positive interactions with the children? Did the program provide a balanced range of indoor and outdoor play experiences for children?
Equipment	Were all equipment items listed in the regulations present at the service and in good condition?	Were the equipment items available at the service appropriate for the developmental program delivered?
Fences	Were the playground fences at least 1 500 mm high?	Were the fences unclimbable?
Gates	Were gates self-closing?	Were gates childproof?



5.27 The following factors are also considered to have contributed to the different outcomes between the departmental inspections and the audit assessments:

- While the visits by the audit team were unannounced, the annual departmental inspections were pre-booked with the services;
- The quality assessment team members spent considerable time within each service visited. For example, assessment team members spent around 3 hours assessing preschool programs and around 6 hours assessing the range of programs within community-based long day care centres. A large portion of that time was involved in observation and included reviews of planning records and their linkages to the observed programs. Children’s Services Advisers indicated that resources available within the Department would not enable visits of this length; and
- Each of the members of the quality assessment team had qualifications and extensive experience in early childhood development while Children’s Services Advisers did not always hold such qualifications.

Assessing interactions between staff and children

Results of quality assessments

5.28 As indicated in Part 4 of this Report, the interactions within a service between staff and children is the most important factor influencing the outcome for a child attending a children’s service. However, the quality assessments undertaken as part of the audit rated a significant number of services as poor in this area. In addition, a number of specific observation reports were provided to the Department, which raised particular concerns regarding the welfare of children as a result of poor interactions between staff and children in the services (further details of these reports are provided later in this Part of the Report).

5.29 Specific audit observations reported to the Department included instances where:

- a staff member dragged a child by the arm across the room and pushed him into a sitting position against a wall;
- a frustrated staff member engaged in angry verbal exchanges with children who were defiant and mocking of the staff member;
- the behaviour management and guidance techniques used by staff were ineffective and staff were unable to control, contain or redirect unruly and aggressive behaviour among children;
- children spent lengthy periods of time waiting for staff and activities, contributing to high levels of frustration among the children who responded by becoming vocal and physically active (i.e. pushing each other and kicking), creating their own small group play with toys brought from home or withdrawing into solitary play;
- inadequate programs and equipment resulted in interactions between staff and children lacking in stimulation and meaningful physical and mental involvement;
- staff did not offer any emotional or physical support to distressed and unsettled children and babies;



- staff had no active involvement with the children (i.e. they supervised from a distance, shouted commands at children, engaged in only brief and superficial conversations and had no engagement unless to reprimand or give instructions);
- staff engaging in emotionally abusive interactions with children (i.e. rejecting children, verbally isolating them from other children and threatening them); and
- staff who were aloof and contemptuous of children (i.e. displaying stern and unsmiling demeanours, having no display of pleasure in being with children, only touching children to lift them or wipe them, using hostile body language, and cold and harsh tones of voice).

5.30 Because of the deficiencies raised during the audit in the regulatory framework and approach of the Department to undertaking assessments of staff/child interactions, this aspect was given particular consideration as part of the audit.



Story telling forms part of positive interactions between staff and children.

(Reproduced with the permission of the Lady Gowrie Child Centre)

Departmental approach to assessing interactions

5.31 Regulations covering interactions between staff and children are limited to requirements that the care provided by all members of staff to every child at a service is “... *active, adequate and efficient*” and that “... *no child is subjected to any form of corporal punishment, immobilisation or any other humiliating or frightening techniques*”.

5.32 An examination of the checklist used as a basis of departmental inspections, in addition to the inspection reports issued to services, indicated that a process of routinely assessing this aspect of service delivery was not in place. The Department’s approach to administering the specific regulatory requirements, and in responding to the observation reports provided as a result of the audit, suggested that the Department experiences certain difficulties in undertaking assessments of interactions.

5.33 The quality assessors considered that it was necessary to attend services for an extended period of time in order to make meaningful observations. They were also of the view that a sound knowledge and skills in early childhood development were necessary to understand the impacts on children of the observations made in terms of *active, adequate and efficient* care and *humiliating or frightening techniques* which children might be subjected to. As further discussed later in this Part of the Report, Children’s Services Advisers do not all have such knowledge and skills and the time spent by the Advisers in services does not enable them to make lengthy observations.

□ **RESPONSE** by Secretary, Department of Human Services

The Department refutes audit’s criticisms of the knowledge and skills of departmental staff to undertake their duties. The departmental workforce includes a range of staff with experience and complementary skills to enable them to undertake the registration and monitoring roles. New manuals, guidelines and enhanced training will ensure these staff are well equipped to undertake the licensing function.

Case study

5.34 Case study A, which is based on one of the reports provided to the Department, illustrates the difficulties the Department has in addressing outcomes for children under the current inspection and investigatory approach. In particular, it demonstrates the difficulty in assessing strict compliance with the Regulations in relation to the interactions between staff and children. It also illustrates the different approach and conclusions reached between the quality assessors engaged by audit and the departmental staff.

Case study A

During a visit to this service in September 1997 by a member of the audit quality assessment team, a number of matters relating to the actions of a particular child care worker were observed concerning unsatisfactory interactions with children. Based on her qualifications and experience, the assessor considered the observations raised serious concerns regarding the suitability of the worker for dealing with the children in the service.

Further examinations and discussions indicated that there had been previous complaints raised with the Department regarding the worker. One complaint in May 1996 alleged that the worker had kicked a child. At that time, the departmental investigation found that the complaint was substantiated but that the “... *degree of severity of the child care worker’s action or the intent behind the incident* ...” could not be established. Feedback to the Department from the service’s Committee of Management indicated that discussions were subsequently held with the worker who had been given a formal warning.

Inspections of the service by the Department in May 1996, July 1996 and January 1997 raised a number of non-compliance matters but no issues regarding the child care worker were observed at these visits. No further matters regarding the worker were raised with the Department during that period.

In August 1997, a further complaint regarding the child care worker was received by the Department from a parent. The complaint related to the inadequate nature of the interactions between the worker and children or parents. In this instance, the Department concluded that the matters did not relate to a breach of the regulations and that the Committee of Management had taken appropriate action by raising the issues with the staff member. No further action, such as a follow-up visit to the service, was considered by the Department to be necessary in response to the complaint.

A report detailing the matters subsequently raised by the audit quality assessor was provided to the Department in October 1997. The response by the Department indicated that the issues raised had previously been investigated by the region and that staff of the Department considered the Committee of Management had dealt satisfactorily with the issue. The Department advised that no further action would be taken in response to the report.

Discussions with regional staff indicated that previous impediments to taking action had been the lack of evidence during inspections of any inappropriate behaviour by the child care worker, lack of firm evidence within statements made by staff of the service regarding the behaviour of the worker, the desire not to become involved in industrial relations matters and difficulties in sorting out whether there were personality clashes at the service. Given the history of the service, and the availability of the quality assessor to provide further statements and explanations and to act as a witness, it was considered unsatisfactory that the Department determined that no further action was necessary.



□ **RESPONSE** by Secretary, Department of Human Services

The Department refutes audit's presentation of this case in such a manner as to suggest a lack of appropriate investigation on the part of the Department. A thorough investigation of the complaints was conducted by regional staff within the parameters of the Regulations and appropriate actions were taken to address the matters of concern. The centre's committee of management have dealt with those issues which relate to the broader functions of staff management. In such cases, if further non-compliance is identified, further statutory action will be considered.

Future directions

5.35 The proposed legislative framework does not include any specific requirements in relation to staff/child interactions apart from one addressing unacceptable discipline and another requiring services to establish a behaviour management policy. The existing provision requiring care to be *active, adequate and efficient* has been replaced with a clause within the new legislation requiring that children are simply *adequately supervised*.

5.36 It is important that the legislative framework is supported by adequate guidance and training directed at ensuring staff/child interactions are a focus of the Department's regulatory activities. As the Commonwealth Quality Improvement and Accreditation System addresses staff/child interactions, it is also important that greater attention is given by the Department to working with the Commonwealth to strengthen the System. (Further comment in relation to this matter is provided later in this Part of the Report.)

□ **RESPONSE** by Secretary, Department of Human Services

Audit fails to recognise the significant enhancement of standards with the introduction of the Children's Services Act 1996, and the inclusion of some current regulations in the primary legislation. The Department strongly refutes the suggestion that the current standard has been diminished. The Act gives significant attention to the role and responsibility of proprietors in maintaining adequate levels of care and properly supervising children. For example, a licence is granted subject to a condition the service operates in a way which ensures that the safety of the children being cared for or educated and their developmental needs are met [section 18(4)].

The Department is developing a comprehensive new approach to inspections and monitoring. This system will include risk assessment. Under the new system, unannounced inspections will be introduced and renewal of licenses will only occur following a thorough assessment of the compliance history and other relevant matters relating to the existing licensee. Other features of the new system will include the development of a self-assessment checklist for proprietors, clearer guidelines for monitoring services where concerns are evident and an increased focus on monitoring the standard of care provided for children.

A range of tools is being developed to support the monitoring and inspection process including new manuals, revised guidelines, checklists, and an ongoing training program for departmental staff.

□ **RESPONSE** by Secretary, Department of Human Services - continued

The Department disputes audit's finding that the current process is focused on inputs. Departmental staff are expected to exercise their expertise and professional judgement when conducting inspections to ensure that the care provided to all children meets minimum standards. Observation of staff and children forms a necessary and integral part of the overall monitoring process.

ENFORCEMENT

Enforcement options

5.37 The *Health Act* 1958 provides powers for the Secretary of the Department of Human Services to:

- Order proprietors to comply with the provisions of the Act and Regulations covering children's services;
- Close a service where non-compliance continues or where a service is considered to be unsafe, either structurally or otherwise. In such instances, the service must remain closed until such time as the Secretary is satisfied that the non-compliance has been addressed;
- Cancel a registration; and
- Vary the restrictions, terms and conditions of any registration, which may include imposing a period of temporary registration.

5.38 The Department advised that it also has the ability to refuse to renew a registration.

5.39 Any contravention or failure to comply with the Act or Regulations, or the restrictions, terms or conditions of a registration, is an offence under the Act. It is also an offence to conduct an unregistered children's services. If found guilty of an offence a penalty of not more than \$1 500 per offence is applicable. Such a penalty is only enforceable through the Courts.

Enforcement approach

5.40 With a view to reducing risks to children in addition to creating an even playing field within the competitive children's services market, it is important that in enforcing the regulations the Department adopts an approach which:

- creates an expectation within the industry that offences against the Act and severe or ongoing non-compliance with the Regulations will attract firm and timely sanctions; and
- is consistent in enforcing the Regulations.



5.41 In practice, it was found that some registered services with high levels of, or continuing, non-compliance had been able to continue operating without strong enforcement action by the Department. There was also evidence that unregistered services were able to operate with the knowledge of the Department. In broad terms, the approach of the Department was characterised as reactive rather than proactive. As a result, decisive action which resulted in financial penalties or the closure of a centre was generally only taken in response to serious incidents rather than in response to detected non-compliance. Specific details of the Department’s approach are set out in the following paragraphs.

□ **RESPONSE** by Secretary, Department of Human Services

The Department refutes audit’s conclusion that centres showing clear evidence of serious breaches of the Act and Regulations have been able to continue operating without strong enforcement action being taken by the Department.

In the case of unregistered centres, proprietors are required to become registered. Appropriate statutory action is considered in cases where there is a demonstrated serious risk to the children in care and where the proprietor refuses to actively take steps to become registered.

Prosecutions are considered and undertaken by the Department in cases of both incidents which place the health and safety of children at serious risk as well as demonstrated, serious and ongoing breaches of the Act and Regulations.

Lack of policy framework

5.42 At the time of the audit, there was no clear enforcement policy or any guidance available within the Department to address the type of action to be taken in particular circumstances or to indicate the stage at which a firm approach should be adopted. In addition, the Department had not undertaken any analysis of the effectiveness of its current enforcement approach in addressing persistent non-compliance or in achieving desired outcomes for children.

5.43 It was found that, in practice, different approaches were taken by different regions. The absence of a policy framework had also led to a degree of uncertainty regarding the enforcement approach to be taken in particular circumstances. For example, staff at an operational level within regional offices expressed a reluctance to pursue strong action such as prosecution or deregistration as they had an expectation that such an approach would not be supported by the Department’s Head Office. On the other hand, staff within Head Office suggested that if they were made more aware of serious cases, appropriate action would be taken.

□ **RESPONSE** by Secretary, Department of Human Services

The Department rejects the view that it has no clear enforcement policy. Benchmarks have been developed based on experience gained in analysing previous investigations and in making assessments of the appropriate action to be taken in each particular case as it arises. All decisions to consider and take action are based on a “case-by-case” assessment of the facts of a particular situation in order to ensure that the Department’s policy objectives are achieved (including objectives to ensure that children are protected at all times) and the legal rights of individual proprietors are respected.

Response to non-compliance

5.44 In cases of persistent non-compliance detected during visits to services, the approach generally adopted by the Department was to place services on regular monitoring, to occasionally hold discussions with proprietors and, in a small number of cases, to restrict the services to temporary registration. Under all of these approaches, the services could continue to operate in non-compliance.

5.45 The emphasis in most cases was to work with a service to achieve compliance and it was apparent that there had been reluctance to close any services. A range of views was expressed by departmental staff responsible for making recommendations and arriving at enforcement decisions, in terms of issues which influenced the action taken. These included:

- The need to consider the impact on a proprietor’s business;
- Consideration of whether the proprietor of the service at the time of the breaches was still responsible for the service at the time prosecution was considered;
- The need to minimise the impact on families where action such as the closure of a service would require the relocation of children to other services; and
- Resourcing issues related to prosecution or deregistration. Staff indicated that such actions were time-consuming and resource intensive and diverted regional resources away from their regular duties for up to a year.

5.46 It is considered that the concerns raised were disproportionate to the potential risks to children arising from the continued operation of poorly performing services.

□ **RESPONSE** by Secretary, Department of Human Services

The Department believes that a balanced summary of departmental views on the factors considered when making enforcement decisions needs to include other factors such as:

- *the severity of the risks to the health and wellbeing of children; and*
- *progress by the proprietor towards full compliance with the Regulations (both in the short and medium-term).*



□ **RESPONSE** by Secretary, Department of Human Services - continued

The Department rejects the inference that it does not take action to cancel or suspend registration where there is clear evidence of serious and ongoing breaches of the Act and Regulations, and where the health and safety of children is significantly compromised. Where there are ongoing concerns about the operation of a centre which do not pose a threat to the safety and wellbeing of children, the Department initially seeks to work with the proprietor. However, where performance does not improve and the standard of care to children is clearly inadequate, strong enforcement action is taken.

Deregistration or temporary registration

5.47 Action to deregister services was rarely taken in cases of repeated non-compliance or substantiated complaints. Similarly, temporary registrations had been issued in only a relatively small number of cases where poor performance was identified. In some of those cases, services were granted consecutive temporary registrations when non-compliance issues were still outstanding at the end of the temporary registration period.

5.48 It was suggested by departmental staff that the display of temporary registration certificates within services alerted users to problems within those services. Staff considered that this had an impact through market mechanisms by either driving users to better performing services or forcing proprietors to meet standards. However, feedback during the audit indicated that service users were unaware of the significance of a temporary registration.

□ **RESPONSE** by Secretary, Department of Human Services

The Department believes that registration is an effective tool for ensuring that proprietors and users, and potential users of the service are aware of its concerns about the suitability of the proprietor or the operation of the centre. Further, the Commonwealth Department of Health and Family Services and the National Child Care Accreditation Council are advised of all centres having a temporary registration.

Prosecution

5.49 Prosecution was used by the Department primarily in reaction to serious incidents, rather than as a deterrent or to address ongoing problems within services. The Department advised that 9 services had been prosecuted in the 18 months to 30 June 1997. Each related to a particular incident such as children leaving the premises unattended, being left alone in a service after hours or receiving inappropriate discipline.

5.50 The Department had developed criteria to determine when a prosecution should proceed. However, it was found that either the criteria were deficient, the judgements made in interpreting the criteria were questionable or there was a lack of evidence collected during the investigation process to support the case. For example, in some cases where the Department decided not to pursue prosecutions recommended by the regions:

- Where the cases involved children leaving services unaccompanied, emphasis was placed on the age of the children, the length of time the children were absent from the services, whether staff were aware of the absences and the potential hazard, such as traffic conditions in the areas. To a lesser extent, the action taken by staff in response to the incidents, subsequent preventative measures taken by the services and parental reaction subsequent to the incident were also taken into account;
- The decision was not always consistent with previous approaches to similar incidents;
- Documentation to support some decisions not to proceed was not available; or
- The reasons given in the available documentation were not clear or seemed inappropriate. For example, the reasons given for not pursuing prosecution in one case were “... it may not be possible to safe guard the reputation of the new proprietors”, “... as sole director [the proprietor] ... may not be able to pay costs or fines awarded by a Magistrate” and “Departmental costs for prosecution ... may not be recovered ...”.

5.51 Documentation also disclosed a common approach within the Department not to prosecute where unregistered services were known to operate, particularly occasional child care services.

□ **RESPONSE** by Secretary, Department of Human Services

The Department considers strong enforcement action in all cases where there is clear and demonstrated evidence of serious ongoing breaches of the Regulations and where the health and safety of children is placed at serious or significant risk.

Audit provides selective cases to identify difficulties with the prosecution process. Each decision to prosecute is made on a detailed and careful examination of all the evidence collected during an investigation, having regard to the principles of natural justice. The decision to prosecute is made on the basis of a brief of evidence prepared within the Office of the Family and if necessary, in consultation with the Department’s Legislation and Legal Services Branch.

Each decision is also made based on an overall assessment of risk to the children and in the context of precedents established in similar investigations or prosecutions.

Complaints and serious accidents

Policy guidelines

5.52 The Children’s Services Centres Regulations 1988 require proprietors to notify the Secretary of the Department within 48 hours of the occurrence of any serious accident, serious injury or the death of a child or in cases where a complaint is received by the service. Complaints can also be made directly to the Department from other sources including parents and service employees.

5.53 In accordance with departmental guidelines, notifications of this nature are to be prioritised into one of 3 categories, according to the severity of the matter. Where follow-up is necessary, action is to be taken within the timelines established for each category. Depending on the severity of the matter, follow-up may take the form of a phone call, an inspection visit to a service or a formal investigation. If the circumstances indicate a breach of the regulations and the breach is substantiated, action such as prosecution, deregistration or temporary registration is available.

Response to notifications

5.54 The appropriateness and timeliness of the action taken in response to notifications was found to vary between regions and was assessed as inadequate in some circumstances. In some cases timely visits were made to services and interviews were conducted with relevant people. However, in others there were delays in visiting the services concerned or there was a lack of evidence that any action had been taken in response to the complaints or serious accidents. In one particular region, there was no evidence of a response to any accidents reported to the Department even those involving treatment of a child by a doctor or in hospital.

Outcome of investigations

5.55 The majority of complaints made to the Department were not substantiated during follow-up investigations by regional staff. Children’s Services Advisers indicated that this was not always due to the fallaciousness of the complaint but was often as a result of the difficulty in obtaining evidence. While in some cases considerable effort had been made to obtain evidence, other investigations lacked rigour. For example, in the case of some complaints discussions were held with the proprietor or a representative of the service and when the issues raised were denied, the complaint was assessed as unsubstantiated without any apparent attempt to further investigate the matter or to seek statements from witnesses. In these cases, the lack of further action was considered to be an indication of the need to improve the investigatory skills of departmental staff both centrally and at a regional level.

5.56 Anecdotal evidence provided to audit suggested that parents are reluctant to complain because they fear possible consequences for their children or they have a perception that the Department does not take appropriate action in response. The practice of the Department of not providing feedback to complainants is considered to contribute to this perception.

Reporting serious accidents

5.57 It is considered questionable whether the requirement in the current and proposed regulations to report accidents to the Department adds value in terms of outcomes for children. While accident records may provide useful information on trends and factors contributing to accidents, the data recorded by the Department was not analysed for this purpose. In addition, deficiencies were identified during the audit relating to the accuracy and completeness of the Department's recorded accident data. For example, some proprietors had not met their regulatory reporting obligations and many accidents reported to the Department were not recorded on the system.

5.58 Continuing with requirements in this area under the proposed regulations creates an expectation within the community that the Department plays some role in relation to monitoring or taking action on accidents. It was found that this was generally not the case.

Responses to reported breaches

5.59 During visits to services, as part of the audit quality assessments, a number of matters were observed where members of the assessment team had serious concerns regarding the welfare of children within the service. In these cases, reports were provided to the Department setting out the matters observed and relating the matters to any obvious issues of non-compliance with the regulatory requirements. By March 1998, the Department had provided responses in relation to 7 of the 10 reports issued. In the other 3 cases, a response had not been received from the Department some 5 months after the concerns were raised. Consequently, the outcome in these cases is unknown. The action taken by the Department, as detailed in the 7 responses received, illustrated the variance in the investigative actions taken by regions. In particular:

- while in most cases visits were made to the services for the purpose of investigating the matters raised, in one case reliance was placed on the information already available in the region and no further action was taken;
- in some cases, the visits were made promptly while in others they were not undertaken for over a month; and
- in some cases, reliance was placed on the statements and explanations provided to the Department by the service co-ordinator regarding the situation which existed at the time of the visit without any further reference to or clarification from members of the audit assessment team.

5.60 The outcomes of the investigations were also found to vary between services and between regions. While most regions found that the matters raised in the reports could be substantiated, others had different observations at the time of the departmental visits than those made by the audit assessors. In these cases, a conclusion was reached that the matters raised were not substantiated and that no further action was necessary. Consideration was not given to whether statements of the assessors could be used as a basis of substantiating the case and taking enforcement action. In cases where the matters were substantiated, the action taken by the Department was generally to report the concerns to the service and set in place follow-up procedures.

Case studies

5.61 Case studies B and C which follow provide further illustrations of the Department's current approach to investigations and enforcement and the potential impacts for children under such an approach. These cases are not presented as isolated instances but as representative of the Department's approach in many cases examined.

Case study B

The Department had 6 complaints in relation to this service during the period August 1996 to January 1997. In response, Children's Services Advisers made visits to the service during that period in August, September, October and January. While most of the specific matters raised in the complaints could not be substantiated, each inspection revealed numerous items of non-compliance including a lack of qualified staff.

The service continued to operate during the period and it was not until a serious incident occurred in late January 1997 (where a child was found by the parent on the road outside the service), that consideration was given to prosecuting the service. There was no evidence that the prosecution proceeded. However, the service was subsequently placed on temporary registration.

One complaint about this service in late 1996 relating to a carer speaking in a forceful way to children was substantiated. The proprietor advised the region in February 1997 that strategies were in place to help the carer deal with stress and that the situation had vastly improved. However, there was no evidence that the Department had confirmed this assertion prior to approving the same carer as a person suitable to manage or control a service later in February 1997.

The service was placed on regular monitoring in February 1997 as a result of a further complaint. Although the service was to be visited every 2 months, in reality the only inspection on record was in June 1997. The proprietor was also called into the regional office of the Department for an interview and the proprietor and staff attended an in-service training session.

Review of departmental files revealed:

- numerous gaps in the documentation supporting the action taken in response to the complaints;
- the investigations in some cases lacked rigour in that they did not include interviews of some key personnel;
- there was no indication that monitoring processes had highlighted the large number of complaints relating to the service within a relatively short period;
- the service was able to continue operating over an extended period even though it was not in compliance with the Regulations; and
- even though it was substantiated that one staff member had acted inappropriately with children, the staff member was subsequently approved by the Department as suitable to control or manage a service.

Case study C

In response to a complaint in September 1996, this service was visited by regional staff. A number of the allegations were substantiated including insufficient staff, failure to notify a parent of an incident, highchairs not in a safe condition and children having unsupervised access to the kitchen. At the time of the visit, 16 further matters of non-compliance with the Regulations were detected. A progress visit occurred in early October 1996 which identified 15 non-compliance matters, some of which had been identified at the earlier visit.

A further complaint was received in relation to the service in October 1996. The proprietor was called into the regional office and interviewed. However, a statement prepared as a result of the interview was not signed by the proprietor.

A further inspection in December 1996 identified 15 non-compliance matters, and a further inspection in February 1997 identified 14 matters of non-compliance, some of which had been previously reported. A letter to the proprietor in relation to the latter inspection was not forwarded by the Department until June 1997.

The Head Office of the Department was advised by the region in June 1997 that a further inspection of the service would be undertaken in that month and that immediate action would be taken should further non-compliance be identified during the inspection. However, there was no evidence on the file at the time of the audit examinations at the region in late July 1997 that a visit to the service had occurred or that any further action had been taken.

This service had a continuing record of non-compliance with some contraventions of a serious nature, such as the absence of qualified staff, staff required to perform all cleaning duties and meal preparation as well as care for children in the early hours of the service's operation, lack of running water in the nappy changing area and access by children to the kitchen which had an oven within reach. Despite this situation and some notifications involving injury to children, the service was able to continue operating without sanction. In fact, during the time the above inspections were carried out, the registration of the service was renewed to 31 December 1997.

□ **RESPONSE** by Secretary, Department of Human Services

Audit has provided selective case examples to identify difficulties with investigations and enforcement practices. The Department notes the comments and contends that it has investigated the matters in accordance with the requirements of departmental investigations practice. As previously outlined, enhanced systems and practices will be introduced to improve the investigations and registration approval processes.

Suggested change in approach

5.62 Based on the findings of the audit, it was recommended to the Department that a comprehensive enforcement strategy be developed which gives greater consideration to broadening the range of options used to achieve a higher level of compliance and to ensure services operating in non-compliance are appropriately sanctioned. In developing such a strategy it was recommended that consideration be given to:

- More stringent monitoring of non-complying services;
- Utilisation of available mechanisms to close a service in the case of persistent or serious non-compliance;
- The use of market mechanisms through providing for the results of inspections to be made available to service users;
- Adopting publicity or education mechanisms to address common issues of detected non-compliance; and
- Broadening the enforcement tools available. Although there was a strong feeling among Children’s Services Advisers that on-the-spot fines or demerit points would provide more timely and less resource intensive means of enforcement, the *Children’s Services Act 1996* to be enacted in mid-1998 has no provision for the introduction of such mechanisms.

□ **RESPONSE** by Secretary, Department of Human Services

To coincide with commencement of the Children’s Services Act 1996, the Department will be releasing to all regional staff, a new and comprehensive manual of investigation procedures and practice. The manual will provide comprehensive instructions on matters including taking and assessing notifications, planning and conducting an investigation, assessing and evaluating the findings of an investigation and benchmarks for taking either further administrative or statutory action. The manual is designed to assist both officers undertaking investigations and regional delegates responsible for making key decisions about a licence or licensee.

Regions will also have direct access for the first time, to a Statewide, on-line information system, Children’s Services On Line. This new information system will facilitate efficient record keeping for an investigation, ensuring that appropriate information is provided to regional management on the status of all investigations, provide documentation to notifiers and complainants and facilitate cross-regional analysis of proprietors who breach the Act and Regulations.

The Department will also provide ongoing training for officers on investigations practice and procedures and making assessments of investigations.

STATE ROLE IN THE COMMONWEALTH ACCREDITATION SYSTEM

Basis of accreditation

5.63 The Quality Improvement and Accreditation System was introduced by the Commonwealth Government to ensure that the experiences and interactions of children in long day care centres are positive and enhance their development. Accreditation levels are determined by assessment against a set of 52 predetermined quality principles. Compliance is assessed by a process of self-study and external review. Depending on the extent to which the required standards are met, services may receive up to 3 years accreditation between each review. As with departmental inspections, external review for accreditation purposes is conducted on a prearranged date. While compliance with State regulations is compulsory and legally enforceable, the System is a voluntary process.

Commonwealth/State protocols

5.64 Although having no direct involvement in the Commonwealth accreditation process, the Department has an interest in the outcomes of the System as a quality assurance mechanism. From a State perspective, the integrity of the System is important as:

- it could be used to complement the State's regulatory framework;
- it could provide useful input to adopting a risk-based approach to the Department's activities; and
- the Department has endorsed the System through stipulating it as a suitable mechanism to be used by long day care centres to meet their preschool funding obligations to regularly evaluate the quality of their preschool programs.

5.65 The Department formalised its interest in the System through shared national objectives articulated in protocols agreed to by State, Territory and Commonwealth Governments and the National Childcare Accreditation Council in June 1995. The protocols outline the roles of the various parties "*... in supporting and monitoring quality child care in long day care centres*", and acknowledge the complementary role of the System with that of the States and Territories in promoting quality in services.

5.66 The protocols acknowledge that the Department does not have a formal role in relation to the System but identify that State officers should have an understanding of the System and that certain information should be provided by the State to the Commonwealth.

5.67 Under the protocols, the Department is required to inform the Commonwealth of services where the Department:

- is concerned that the standard of care provided by services appears to be inconsistent with the accreditation level deemed by the Council;
- intends to take legal action for breaches of regulations; and
- is issuing temporary licences and exemptions to the Regulation.



5.68 The provision of information to the Commonwealth may result in either a deferral of the decision on the accreditation level of the service or a review of the awarded accreditation level if a significant change in the service has occurred.

5.69 The Department had not established an automatic process for notifying the Commonwealth of relevant services under the protocols. Information had been provided on only 3 occasions since 1995 and these were in response to requests from the Commonwealth that the protocols be complied with. Information provided consisted of advice on prosecutions that were pending or had taken place, lists of services subject to temporary registration and lists of services which had received exemptions.

5.70 Documentation provided during the audit indicated that the Department has experienced some difficulty in interpreting the requirement to inform the Commonwealth where it is concerned that the standard of care appears to be inconsistent with the accreditation level deemed by the Council. Information in this regard had not been provided to the Commonwealth and procedures were not in place for the Department to obtain data from the Commonwealth on the level of accreditation of services registered in Victoria.

□ **RESPONSE** by Secretary, Department of Human Services

The Department is strongly committed to playing its role in the Quality Improvement and Accreditation System as required under the Community Services Ministers' Conference Protocols (March 1996) on Child Care Regulations and the Quality Improvement and Accreditation System.

The Department has met its obligations under the Protocols and is now working with the Commonwealth, other State and Territory Governments and the National Childcare Accreditation Council to further strengthen the current arrangements. Discussions are underway about a further exchange of information including the accreditation levels of services, and schedules for accreditation reviews and registration renewals.

Accreditation levels

5.71 As part of the audit, information on the accreditation levels for Victorian long day care centres, current in August 1997, was obtained from the National Childcare Accreditation Council with a view to evaluating the extent to which such information could be utilised by the Department for risk-assessment purposes. The data listed each service against one of the following 5 status categories:

- accredited for 1 year;
- accredited for 2 years;
- accredited for 3 years;
- not accredited, but working through a plan of action to improve the quality of care; and
- in the preliminary stages prior to being assessed.

5.72 Accreditation ratings are based on 4 standards of care: unsatisfactory, basic, good quality and high quality. To achieve an accreditation rating, a service must be assessed as having at least good quality practices against 32 of the 52 accreditation principles, including 20 core principles. The service must have achieved at least basic ratings against the remaining 20 principles.

Comparison of accreditation levels with outcomes of audit assessments

5.73 The focus of the audit did not include a structured evaluation of the accreditation system. However, the data provided in relation to the level of accreditation for the services subject to audit quality assessments raised some concerns from a State perspective.

5.74 In order to establish that the audit sample was representative of the wider Victorian population in terms of accreditation levels, comparative analysis was undertaken. The analysis indicated there was little difference in the distribution of accreditation levels among all Victorian services and the distribution of accreditation levels for services selected in the audit quality assessment sample. Comparisons of the accreditation principles with the audit assessment criteria also identified that all but 2 of the accreditation principles were covered by the criteria, and that 39 aspects of the audit assessment equated with the 20 core accreditation principles.

5.75 Based on these similarities, it was expected that none of the accredited services assessed by audit should have rated poorly against any of the criteria equating to the 52 principles, and in particular in relation to the core principles. However, it was found that at the time of the audit assessments none of the accredited services was rated as adequate or excellent in terms of all the relevant criteria. Some accredited services rated poorly in terms of a significant number of the criteria.

5.76 It was also found that there was no correlation between the accreditation levels of services and the results of the audit assessments. Table 5B sets out, for each service type and accreditation level, the proportion of all the audit assessment criteria relating to the core accreditation principles which were rated as poor, adequate or excellent.

**TABLE 5B
AUDIT RATINGS FOR ACCREDITATION CORE PRINCIPLES
COMPARED WITH ACCREDITATION LEVEL**

Service type	Accreditation level	Proportion of audit ratings relating to the core accreditation principles (%)		
		Poor	Adequate	Excellent
Private sector services (a)	3 year	34	62	4
	2 year	15	40	45
	1 year	47	52	1
	Overall	39	56	5
Community-based services (b)	3 year	26	64	10
	2 year	23	66	11
	1 year	26	61	13
	Overall	25	64	11
Combined total	3 year	27	64	9
	2 year	23	65	12
	1 year	29	60	11
	Overall	26	63	11

(a) Audit assessment limited to preschool programs.

(b) Audit assessment covered all age groupings.

5.77 As indicated in the Table, within the private sector preschool programs there was a higher proportion of poor ratings in the 3 year accreditation category than in the 2 year accreditation category. Within community based services, there was little discernible difference in the ratings between services, regardless of accreditation level.

5.78 While not providing conclusive evidence regarding the reliance which can be placed on the Quality Improvement and Accreditation System, the audit examinations raised concerns which need to be pursued by the Department. In particular, there is a need to strengthen the information flows between the Department and the National Childcare Accreditation Council. In this regard, the State should consider the provision of information to the Commonwealth in relation to breaches of regulations detected during Departmental inspections, temporary registrations, substantiated complaints and results of investigations including those not leading to prosecution. Further, the Department could take a more active interest in the System and the accreditation levels achieved by services in order to be in a position to advocate improvements to the System.

5.79 Improvements in the State’s regulatory role would also assist in improving the basis on which the System operates, given that it is based on the premise that the regulatory framework is effective.

ROLE OF CHILDREN’S SERVICES ADVISERS

Lack of clarification of role

5.80 The Department’s Children’s Services Advisers perform a number of key regulatory functions including assessing the suitability of proprietors, inspecting services and investigating complaints. They play the primary role in the Department’s liaison with individual services.

5.81 Discussions with Children’s Services Advisers and with other departmental staff indicated that there was not a clear focus regarding the regulatory role of the Advisers. Comments made to audit assessment team members during visits to services also highlighted some confusion regarding the role of Advisers. The Advisers and services both commented that there had been a change in the role in recent years from one which focused on providing advice and support to services to one which was more in the nature of a policing role directed at inspecting for regulatory compliance and carrying out investigations. Some services expressed concern that the valuable source of advice upon which they had previously relied had been withdrawn. In contrast to the views expressed, senior management of the Department indicated that the provision of advice was still a key component of Advisers’ responsibilities.

5.82 The lack of clarity regarding the role had contributed to inconsistencies in the approaches adopted. For example, while some Advisers indicated that they were willing to advise services on operational matters, others considered it inappropriate as, at some later stage, they would be required to undertake inspections of those operational aspects. Where Advisers attempted to fulfil the advisory role they indicated that the situation at times caused considerable pressure due to the inherent conflicts which can arise.

□ **RESPONSE** by Secretary, Department of Human Services

The Department denies the statement that there is a lack of clarity concerning Children’s Services Advisers roles. In addition to regulatory functions, Advisers have a key function with respect to the administration and purchasing of services, in particular preschool services. Implicit in both these functions is the provision of advice and support to assist services meet statutory and purchasing requirements. This is also reflected in the position descriptions for Advisers. The role of the Advisers with respect to the above key functions remains unchanged.

Qualifications, experience and training

5.83 According to the job specification for Children’s Services Advisers, their duties include:

- performing inspections;
- advising services on quality issues;
- investigating complaints;
- preparing and presenting evidence for prosecution purposes;
- facilitating the development of quality children’s services;
- recommending funding allocation priorities;
- planning and conducting information and training programs for relevant groups; and
- collecting data and monitoring programs.



5.84 Despite the focus of their duties on service inspections and investigations, Children’s Services Advisers are not required to have qualifications in early childhood development or investigatory skills or expertise. A number of Children’s Services Advisers expressed apprehension regarding performing some aspects of their role, particularly the investigation function.

5.85 Only minimal training has been provided to Children’s Services Advisers by the Department in recent years and those who had commenced since mid-1996 had not received any formal training or induction to the role. Given that proposed changes to the regulations will necessitate greater emphasis by the Department on assessing the developmental programs delivered to children, it is considered that qualifications, experience and training in early childhood development will be particularly important.

□ **RESPONSE** by Secretary, Department of Human Services

The Department believes that Children’s Services Advisers have the necessary skills and training to perform their roles. This is reflected in the Advisers position description’s specific key selection criteria which require experience in the operational aspects of children’s services, knowledge and understanding of child development and knowledge of statutory and policy requirements with respect to children’s services. All existing teams have staff with a mix of skills and experience to performance the required duties. Teams in each region employ staff with early childhood qualifications.

A range of support is provided to Advisers to assist them to carry out their key functions including management support from regions and consultancy support from central office. Advisers are also able to access the broader regional and departmental staff development programs with respect to service purchasing and use of relevant information technology.

With the implementation of new statutory requirements, a comprehensive training and support program is being offered to Advisers. In addition, manuals and guidelines are currently being developed to support the new statutory and purchasing arrangements. These are detailed in previous comments. As part of the implementation process, the Department will give further consideration to the skill requirements of regional staff including qualification requirements.

Resourcing

5.86 At the time of the audit, 39 staff were involved with the children’s services function within the Department’s Head Office and a similar number of Children’s Services Advisers were responsible for regulating services and performing administrative tasks across the 9 regions. The Department advised that the level of resources required to effectively perform the children’s services roles and the allocation of resources between regions had not been recently evaluated.

5.87 Due to the lack of a comprehensive management information, the Department was not in a position to assess its workload or the efficiency of work practices. However, an analysis undertaken during the audit revealed that although workloads were materially similar within the regions visited, the extent to which each region had met its workload varied significantly. This was largely due to varying skills and experience of staff within each region, the level of staff turnover and different approaches to resource management.

5.88 Children's Services Advisers estimated that as much as 30 per cent of their time was spent on administrative tasks connected with Funding and Service Agreements, preparing documentation and filing. In addition, around 50 per cent of the total departmental staff involved in the children's services function are assigned to administrative tasks within Head Office. Given this situation, it is considered that there is scope to rationalise the level of resources allocated to such tasks to enable a greater proportion of resources to engage in field activities such as visits to services.

5.89 Discussions with the Department indicated that the resourcing impacts of the introduction of the proposed regulations, a new information system and the devolution of responsibilities to regions are currently under consideration. Advice also indicated that training programs to support the introduction of the proposed regulations are under development. It was recommended to the Department that these actions need to be undertaken within the context of a strategic resourcing plan which clearly defines the level of resources necessary to effectively perform the Department's children's services roles, the competencies required, and the specific roles of Children's Services Advisers and staff involved in administrative and other support functions. In assessing the competencies required, greater consideration needs to be given to qualitative matters associated with delivering children's services.

QUALITY ASSURANCE

5.90 In its interactions with State-regulated services, it is important that the Department promotes high standards both in terms of the quality of services provided and the level of compliance with regulatory requirements. This is dependent, to some extent, on the effectiveness of the quality assurance practices established by the Department in its role as regulator. Quality assurance is also a key to achieving consistency, particularly within a decentralised agency structure such as that of the Department of Human Services. A sound quality assurance framework should include clear policy guidance, effective overview processes and clear documentation supporting the actions taken and decisions made.

Guidance statements

5.91 While a small number of guidance circulars addressing operational matters had been provided to regions by Head Office, effective procedures were not in place for ensuring compliance with those circulars or achievement of quality outcomes. Guidance was not available in a number of key areas such as in relation to the characteristics which should be considered when establishing the suitability of applicants to manage or control a service and in relation to the enforcement framework. As indicated previously, this had contributed to inconsistent practices within and across regions in relation to a number of regulatory matters such as processing registration applications and the extent and quality of documentation accepted to establish suitability of proprietors.

Overview processes

5.92 Much of the documentation in relation to registration, investigations, complaints and serious accidents is provided by regions to the Department's Head Office. However, it was not evident that the overview process performed at that level, although utilising significant resources, was effective in terms of adding value. By way of example, although the Head Office of the Department is responsible for the approval of registration applications, based on regional recommendations, there was little evidence that the approval process was effective in terms of ensuring only suitable people were approved as proprietors.

5.93 Similarly, there were doubts regarding the value added by the process of regions forwarding details of notifications and reports on investigations to Head Office. In particular:

- trends in complaints and accident data had not been analysed with a view to identifying emerging issues or matters which could reflect non-compliance or poor practices at a particular service;
- there was no evidence that progress in dealing with notifications had been monitored; and
- there was not always a clear audit trail evidencing that reviews were undertaken to assess whether policy directions had been followed, there had been a consistent approach taken in similar cases or investigations undertaken were rigorous and appropriate.

Supporting documentation

5.94 Filing and documentation practices were particularly poor within the Department. In many cases, key documentation regarding registration applications or file notes providing evidence of departmental actions could not be produced for audit purposes. In some such cases, it was not possible to determine whether required actions had been taken, such as whether checks of suitability of proprietors had been performed prior to the Department approving registrations.

5.95 Deficiencies in documentation supporting the inspection and investigation processes were also identified. Deficiencies included a lack of records of action taken, discrepancies in recorded dates of accidents and follow-up visits, and inadequate or unsigned records of interviews. These weaknesses place limitations on the Department in terms of developing briefs and taking legal action against services, if necessary.

□ **RESPONSE** by Secretary, Department of Human Services

The Department is developing a comprehensive set of manuals and guidelines for staff. These are detailed in previous comments.

Audit has previously been advised that new central and regional arrangements will devolve significant operation responsibility to regions reducing any existing duplication of effort.

The central office will have a strengthened system monitoring role. The Children's Services On Line information system will support administration of the new licensing system as well as Statewide monitoring of performance against agreed standards.

INFORMATION SYSTEMS

5.96 Access to comprehensive and accurate data is essential to the efficient and effective performance of the Department's regulatory function. The Department's Integrated Registration and Information System currently stores data relating to the Department's registration and investigation activities. The system is maintained and accessed by Head Office staff. A number of spreadsheets or other databases are also maintained by some regions to record information such as details of registered services, inspection dates and details of people who have been approved by the Department as suitable to manage or control a service.

5.97 Significant weaknesses were evident during the audit in regard to the information systems available, including the following:

- The lack of access by regional staff to the Integrated Registration and Information System. This had impacted on the ability of regional staff to perform their function efficiently and effectively. For example, where applications for registration had been received from people with previous experience in child care, there was not access to information which enabled checks of performance histories across regions;
- The duplication of some information as a result of the development of separate databases within regions;
- The absence of a comprehensive and accurate database of persons approved by the Department as suitable to manage or control services. As a result, there was a risk that the Department may not have identified that persons listed by applicants on annual re-registration forms as persons who manage or control the service in their absence, had not been approved by the Department. Failure to address this situation may have implied that the persons listed had in fact been approved;



- The lack of an inspection database or record of inspection results in terms of areas of non-compliance. As a result, the Department was not in a position to develop alternative approaches to deal with common issues and to encourage compliance in particular areas. In addition, the development of a risk-based approach to selecting services for inspection was inhibited by the lack of such data; and
- Inaccurate or incomplete data records in a number of other areas such as accident records and regional records of people approved as suitable to manage or control a service.

5.98 The development by the Department of a new information system for children's services is currently underway. It is expected that the system, which will provide for direct access and input to the database by regional staff, will be introduced during 1998. The Department has advised that a number of the information deficiencies evident during the audit will be addressed by this system. Introduction of the system will need to be supported by extensive training and quality assurance processes with a focus on ensuring that facilities in the new system are effectively utilised.

□ **RESPONSE** by Secretary, Department of Human Services

The Department notes audit's comments in relation to information systems. Following the successful implementation of an integrated children's services data system (IRIS) for central office in 1996-97, the Department has invested significant further staffing and funding resources in the development of the Children's Services On Line Statewide information system. Audit was given detailed information on the scope of this system during the course of the audit.

The system will support regions and central office staff in relation to licensing and purchasing children's services. The on-line system will enable all departmental staff to have access to the same data on children's services licensing and purchasing, and to use that data for a variety of regional and central office planning and monitoring purposes. It will remove the need for regions to develop local spreadsheets or databases to store children's services data. Following training for all users, the system will be introduced to all central office and regional sites in mid-1998.

The system contains 5 main modules: location, licensing, investigations and prosecutions, agency, and service provision. The key functionality of the system includes the ability to:

- *track the status of licence applications at all stages in the licensing process;*
- *check a prospective licensee's or nominee's past or present involvement in children's services across the State;*
- *monitor particular types of breaches of the Act or Regulations which occur more frequently;*
- *monitor output targets; and*
- *analyse other information on funded service provision such as user characteristics, fees and hours of operation for funded children's services.*

Both day-to-day users and management will be able to receive a range of overview information on these and other matters on a regular basis.

REGULATORY REFORM

Proposed legislative framework

5.99 In 1994 the Department commenced a review of the legislative and regulatory framework for children's services with the aim of putting in place "... *new legislation and regulations to establish minimum standards of care for Victorian children for the 1990s and beyond*". The review process led to the enactment of the *Children's Services Act 1996*. A Regulatory Impact Statement addressing the proposed Children's Services Centres Regulations, was released in October 1997.

5.100 The development of legislation specific to the regulation and enforcement of children's services is seen as a positive step towards establishing minimum standards in relation to the operation of children's services. The proposed changes have the potential to enhance the existing framework by providing for more extensive checks of persons involved in services, increasing penalties for offences and increasing the focus on outcomes through introduction of some performance-based regulations.

Weaknesses in the review process

5.101 There were, however, a number of reservations raised with the Department during the audit regarding the basis of the changes and the extent to which they will be effective in achieving the desired outcomes. In particular, it was suggested that the Department had not clearly identified the existing problems in regulating children's services or analysed why such problems had arisen prior to developing the proposed regulations. Consequently, the reform process lacked a solid basis from which to consider the changes necessary. The comments made to the Department were supported by the fact that some of the proposed changes and strengthening of existing regulations were not in areas of weakness identified during audit quality assessments, or departmental inspections. For example, one of the requirements introduced in the proposed regulations is for staff within services to possess first aid qualifications. It was evident from the sample of services visited during the audit that the majority of services are already in compliance with this requirement.

5.102 The assumption underlying the review of the Regulations was that continued regulation is the best means of achieving the Government's desired outcomes. Consequently, the proposed regulations were little more than an amended version of those that already exist. It is considered that, as a result, the full potential of regulatory reform may not be achieved. In this regard, the Regulatory Impact Statement gave only limited consideration to alternative non-regulatory approaches to achieving desired outcomes for children's services with no apparent consideration given to sharing the responsibility for achieving outcomes with industry participants while minimising government intervention in the marketplace.



5.103 By way of illustration, under the proposed regulations, services are to display and retain certain information for inspection by service users, if sought. However, there is no evidence that the Department considered more innovative approaches to achieving desired outcomes such as the use of market mechanisms to improve standards. Such an approach could involve mandatory requirements for proprietors to provide information to all service users or display details such as:

- information regarding the significance of a licence and a temporary licence;
- the minimum standards which should be met by a licensed service;
- the avenues available to parents or other users where they have concerns regarding the services provided; and
- details of the roles and responsibilities of the proprietor and their nominees.

5.104 This type of information could be provided by means of a pamphlet developed by the Department.

Administration of the new regulatory framework

5.105 As indicated in this Report, significant problems exist in relation to the regulation of children’s services. It is considered that many of these problems have arisen as a result of the Department’s approach to its regulatory function rather than the legislative framework itself. For this reason, the proposed changes are unlikely to address some of the areas of greatest concern or bring services into compliance unless they are accompanied by enhanced procedures and practices within the Department.

5.106 The Department advised that it was in the process of developing extensive manuals and guidelines for staff and services and re-engineering processes to support the new legislative framework. Due to their early stage of development, these proposals could not be assessed as part of the audit.

□ **RESPONSE** by Secretary, Department of Human Services

The Department commenced a review of the legislative and regulatory framework for children’s services in late 1994. A stated key direction of the review was that specific regulations for children’s services, with a focus on performance outcomes, would continue to be in place. The review sought to progress to less prescriptive regulations and to remove regulations that were unduly restrictive. The methodology of the review involved significant research of current issues, with an initial scoping of staff involved in the administration of the Regulations. The scoping exercise culminated in the release of a discussion paper “Future Legislative and Regulatory Framework for Children’s Services” in April 1995. The paper received a broad range of responses from industry and community members, a majority of which supported ongoing regulation of children’s services centres.

In addition to this process, field work was undertaken to assess the likely difficulties for services in complying with certain aspects of the proposed legislation.

The Children’s Services Industry Advisory Group, also considered there was a continued need for a regulatory framework.



□ **RESPONSE** by Secretary, Department of Human Services - continued

The regulations were developed according to approved processes including formal settlement of the proposed regulations with Parliamentary Counsel, and independent assessment of the adequacy of the Regulatory Impact Statement (RIS) as required under the Subordinate Legislation Act 1994. Independent assessment of the RIS was conducted and formally signed-off by the Office of Regulation Reform, Department of State Development. Further, the Competition Policy Task Force, Department of Premier and Cabinet, approved the competition analysis in the RIS.

Part 6

Funding

OVERVIEW

6.1 Over recent years, the Department of Human Services has reported that around 90 per cent of Victorian 4 year old children participated in a preschool program. While recognising this achievement, the audit identified that greater emphasis needs to be placed on analysing the composition of the remaining 10 per cent and developing strategies aimed at increasing the participation of any under-represented groups. Such an approach would assist in achieving the Government's target of providing all children with the opportunity to participate in a preschool program in the year prior to commencing school.

6.2 Since a number of policy changes occurred in 1994, including the introduction of per capita funding, a large portion of the costs of providing preschool programs have shifted from the Government to parents. Term fees increased by 120 per cent over 4 years, family members have been required to provide additional resources in response to fundraising activities and parents have been required to contribute a greater level of volunteer labour as members of committees of management. Some committees of management are currently facing difficulties regarding the ongoing financial viability of their services and in meeting the demands placed on their members.

6.3 Since the 1994 policy change which enabled long day care centres to seek funding to deliver preschool programs, there has been an increase in the number of locations delivering these services. However, it was found that in 1997, 90 per cent of parents continued to choose preschool programs delivered by stand-alone kindergartens. There has been little change in the types of services offered by these kindergartens with most continuing to offer programs for 4 year olds, on a sessional basis.

6.4 It was evident that many services were not delivering preschool programs in line with agreed funding conditions, a situation which is unsatisfactory under a purchaser/provider arrangement. There is a need for the current framework to be reviewed and rationalised to ensure it is effective in terms of achieving outcomes for children. In particular, action needs to be taken to monitor compliance with funding conditions, eliminate any unnecessary administration and ensure only key information required for management purposes is sought from services by the Department.



□ **RESPONSE** by Secretary, Department of Human Services

As noted by audit, since 1994, the preschool participation rate in Victoria has remained around 90 per cent. In fact, in 1997, participation rose to 91.8 per cent, the highest figure for several years. The recent “Report on Government Service Provision 1998” produced by the Industry Commission indicates that Victoria had the equal highest preschool participation rate of any state or territory in Australia in 1996-97.

The commitment remains to provide access to one year of funded preschool for each Victorian child in the year prior to school entry. However, for a variety of reasons, some families may choose not to send their children to a funded preschool service. The Department will investigate the reasons for non-participation, and investigate ways to monitor the participation rates of a wider range of demographic groups. The Department will also consider placing greater emphasis on examining variations in participation at a sub-regional level, for example, by local government area.

In addition, the Department will continue to monitor the numbers of children attending preschool services funded under the 4 per capita grant categories (long day care, standard, rural and small rural). However, the Department rejects as unworkable audit’s suggestion that participation rates should be monitored by “service” (or grant category) type, as it is not possible to define the catchment or target population in such a way as to allow meaningful calculation of a participation rate.

INTRODUCTION

6.5 The Department of Human Services provides funds as a contribution to the costs of delivering preschool programs at around 1 500 locations. The amount received by each service is dependent on its funding category and the number of children enrolled in the program. The majority of services are funded at the *standard* per capita rate which applies to stand-alone kindergartens in metropolitan areas. Higher per capita rates apply to *rural* and *small rural* stand-alone kindergartens, and a lower rate applies to those services in the *long day care* category. An additional amount is paid to stand-alone kindergartens for children participating in the program who are beneficiaries of a Commonwealth Health Card. This amount is to be used by services to reduce the fees paid by the parents of those children.

PRESCHOOL FUNDING OBJECTIVES

6.6 Although the Department of Human Services has not clearly stated its preschool funding objectives, available documentation indicates that the key aim is to provide the opportunity for all Victorian children to attend one year of a funded preschool program. With this in mind, the Government and/or the Department have made commitments to:

- provide special programs which take account of the needs of minorities such as Koorie children and children from non-English speaking backgrounds;
- maintain the affordability of preschool programs;
- better meet the needs of families by increasing flexibility in service delivery;



- provide support to those services managed by voluntary committees of management; and
- ensure funded services meet certain standards and provide value-for-money.

PARTICIPATION IN PRESCHOOL PROGRAMS

Overall level of participation

6.7 The level of participation of Victorian children in a funded preschool program is measured and reported annually by the Department of Human Services. The reported participation rate represents the number of children enrolled in a preschool program for the first time, as a proportion of all 4 year olds in the population, from population figures projected by the Department of Infrastructure. The process of measuring and reporting participation is an important aspect of providing accountability for achievements against this key funding objective.

6.8 Table 6A sets out the annual participation rates calculated by the Department since 1993, together with the proportion of participants in each funding category. As indicated in the Table, around 90 per cent of 4 year olds in Victoria attend a preschool program.

**TABLE 6A
PARTICIPATION OF 4 YEAR OLDS
IN A FUNDED PRESCHOOL PROGRAM, 1993-97
(per cent)**

Year	Participation rate	Proportion of participants in each funding category			
		Standard	Rural	Small rural	Long day care
1993	89.6	(a)	(a)	(a)	(a)
1994	90.8	86	11	1	2
1995	88.8	85	11	1	3
1996	87.9	88	(b)7	(b)	5
1997	91.8	82	9	1	8

(a) Figures unavailable.

(b) The Department did not separately report participation numbers in these categories in 1996. The Rural figure represents the combined proportion of participants in the rural and small rural funding categories.

6.9 While recognising the achievement to date, it is considered that participation could be further increased if the Department of Human Services gave greater attention to collecting and analysing information about the remaining 4 year olds who do not participate in a preschool program. Such a process could be aimed at identifying any factors deterring children from attending and developing strategies to increase the participation level of any under-represented groups. The following paragraphs identify a number of areas where particular attention is needed.



Participation in different service types

6.10 The Department's calculations of participation are currently focused at a high level in that they measure participation across Victoria, within each of the Department's 9 regions and in terms of whether programs are attended at a stand-alone kindergarten or a long day care centre. Attention is not given to further analysing participation within various service types. For example, details are not available of the number or proportion of participants in various types of stand-alone kindergartens and long day care centres, including those which are managed by or affiliated with local councils, those operated by private schools or other private sector bodies and those managed by committees of management.

6.11 It was found that only 36 per cent of community-based long day care centres visited by the audit assessment team had sought funding for a preschool program. The Department has undertaken some research regarding why long day care centres are not accessing the funding. However, information in relation to whether 4 year old children cared for in these services are over-represented as non-participants or are participating in a preschool program at other funded locations would be useful in developing any necessary strategies to achieve a higher participation level.

Participation within local government areas

6.12 Information relating to participation in different local government areas has not been analysed and used by the Department for decision-making purposes.

6.13 A survey of 186 State primary schools in 7 local government areas, conducted as part of the audit, disclosed the type of data which could be analysed and used for management purposes. The survey sought information on the proportion of children who had participated in a preschool program prior to commencing school in 1997. Based on the data provided by the 184 schools which responded, it was found that 90 per cent of all children commencing school in the areas surveyed had previously attended a preschool program. Eighty-four per cent had attended at a stand-alone kindergarten and 6 per cent at a long day care centre.

6.14 While the overall participation rate shown in the survey reflected the Statewide picture as reported by the Department, the results also demonstrated that variations of up to 7 per cent occurred between the different local government areas. The type of service chosen by parents also varied in the different areas. This situation is illustrated in Table 6B which sets out participation details for each of the local government areas surveyed.

TABLE 6B
PARTICIPATION WITHIN
VARIOUS LOCAL GOVERNMENT AREAS
 (per cent)

Local government area	Participation rate		
	Total	Stand-alone kindergarten	Long day care centre
City of Casey	86.8	78.5	8.3
City of Greater Bendigo	89.6	85.5	4.1
City of Knox	90.9	84.5	6.4
City of Moonee Valley	90.3	80.9	9.4
City of Wyndham	91.2	88.8	2.4
Shire of Yarra Ranges	93.3	89.7	3.6
City of Stonnington	93.6	85.2	8.4

□ **RESPONSE** provided by Chief Executive Officer, City of Casey

The data in the table suggests the City of Casey has the lowest participation rate for funded preschool programs of those municipalities surveyed. Possible explanations for this, and the overall variation observed, have not been discussed in the Report.

Significant issues apply to service delivery in high growth areas. Casey is situated in a growth corridor and has a high proportion of dual income families utilising children’s services, (as evidenced by the 8.3 per cent accessing kindergarten through long day care). What has not been enumerated in the Report are statistics on those children attending long day care services which are not funded to deliver preschool programs. In these cases, barriers to assessing preschool services include:

- *Service loyalty and unwillingness to change long day care or family day care services to access preschool. In most cases, however, these children will be receiving developmentally appropriate programs, but the fact that they are delivered by early childhood trained child care workers rather than kindergarten teachers means these programs are ineligible for preschool funding;*
- *The difficulty of transporting children to and from day care arrangements to a stand-alone preschool; and*
- *The additional cost burden for families holding care places and also having to pay for stand-alone kindergarten sessions.*

Under current funding constraints, to keep services financially viable and costs to the community as affordable as possible, the City of Casey requires its stand-alone kindergartens to have a minimum enrolment of at least 23 children to operate. The City of Casey currently has a waiting list of 3 per cent of total enrolments. The largest waiting list at any one centre is currently 8 children. Small numbers prohibit the formation of additional groups as the service would not be financially viable. While numbers for any particular centre, or in any particular area, are insufficient to form additional groups, parents have also indicated an inability, or unwillingness to travel to attend those centres where vacancies do exist. (In some cases this would mean travelling from Endeavour Hills to Berwick, or Pearcedale to Hampton Park.)

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Participation of children from low income families

6.15 For the past 3 years, the Department has reported that around 29 per cent of all participants in a preschool program are beneficiaries of Commonwealth Health Cards. However, such information does not provide the Department with a picture of the proportion of all low income earners participating in a preschool program or the number of children who do not attend for economic reasons.

6.16 The issue of access to preschool programs by low income families was highlighted in a Brotherhood of St Laurence study, *Kids and Kindergarten*, forwarded as a public submission during the audit. This study found that a reason for the children of low income families in some inner metropolitan areas not accessing preschool was their inability to afford fees.

6.17 Respondents to the audit survey of primary schools were also asked to comment on issues affecting participation. Eleven per cent of respondents, mainly within the Cities of Casey and Greater Bendigo which had the lowest participation levels of the local government areas surveyed, cited the inability of families to afford the cost of programs as a reason for non-participation. Respondents also commented on the difficulty for parents in obtaining the approval of the Department for a second year of funded preschool when children were assessed as not ready for school.

Participation of Koorie children

6.18 In February 1994, the Department identified from information received from service providers that 223 Koorie children were participating in a preschool program, representing 0.4 per cent of all participants. In 1997, there was a similar number and proportion of Koorie participants. From 1996 to 1997, the participation rate of Koorie children across the State remained at only 39 per cent.

6.19 Since 1994-95, the Department has had a stated priority of increasing Koorie participation in preschools. A number of strategies have been adopted and a specific project with this aim was initiated by the Department in October 1997. The key strategy of the project is the employment of Koorie Early Childhood Field Officers to promote preschool programs and liaise between services and Koorie families. The introduction of these Officers is aimed at achieving the Department's objective of increased participation.

Participation of children from non-English speaking backgrounds

6.20 The Department identified in 1994 that 15 per cent of children attending preschool were from a non-English speaking background. Data provided by funded services indicated that a similar proportion of participants were from such a background in 1997. However, data is not available within the Department which enables a calculation of the participation rates for such children or any participation trends in recent years.



6.21 The main strategy of the Department in relation to the participation of children from non-English speaking backgrounds is to fund the Multicultural Resource Centre. An amount of \$140 000 is to be allocated to the Centre in 1997-98 to operate an Outreach and Advisory Service for Non-English Speaking Background Children in Preschools. The services to be provided under the funding arrangement include:

- the provision of information, support and professional development to staff delivering preschool programs to children from non-English speaking backgrounds;
- the development of suitable bi-lingual materials to assist families to understand policies, services and requirements; and
- the provision of information to the Department regarding issues facing children and families from non-English speaking backgrounds participating in preschool programs.

6.22 The Department identified in 1994 that only 32 per cent of preschool locations with children from non-English speaking backgrounds had used the support made available by the Multicultural Resource Centre. The survey also suggested that such children may have accessed preschools later in the year as they were not aware of its availability. More recent analysis in relation to these issues had not been undertaken by the Department. However, quality assessments undertaken as part of the audit identified that many of the services visited did not adequately address cultural issues within their programs.

Calculation of participation rates

6.23 A number of aspects of the Department’s calculations of participation rates need to be considered when assessing achievements and making comparisons between years. For example, the 1994 participation figures reported by the Department are likely to be overstated due to weaknesses in the method used to adjust figures for changes in age requirements relating to school enrolments. Details follow of a number of other factors which need to be considered.

Accuracy of enrolment numbers

6.24 Although details of children present at services are collected during departmental inspections, none of the regions audited had established a process to verify the accuracy of the enrolment data supplied by funded services and used in determining participation rates. In some cases, details of the number of children enrolled in a funded preschool program provided to members of the audit assessment team were less than those previously collected by the Department. The differences indicated that reported participation levels may be overstated. As the enrolment details provided to the Department by funded services are also used to determine the level of funds the services receive, it may also indicate that some services receive funds in excess of entitlements.



□ **RESPONSE** by Secretary, Department of Human Services

Regional staff do check enrolment records when visiting services. Where departmental staff identify significant discrepancies between the enrolment data initially provided to the Department and the number of children attending a funded service during the year, either through these visits or other information which comes to the Department's attention, payments can be adjusted.

An enhanced system of compliance monitoring is being introduced from 1 July 1998 as part of new purchasing arrangements for funded services. This system will include random monitoring visits of a sample of funded services. These monitoring visits will comprehensively address funding requirements including enrolment records, preschool funding policies and Funding and Service Agreement matters.

Number of hours of attendance

6.25 The Department does not apply a standard in terms of the required number of hours of preschool to be provided for the funds supplied. In practice, the types of programs offered in long day care centres vary between sessions run at specifically designated times to programs integrated into the daily routine. At the time long day care centres were visited during the audit, most programs had significantly less children present than the service was funded for. It was concluded that this was due, at least in part, to the fact that not all funded children attend full-time or at the times preschool sessions are held. As a result, some children may only participate in a small portion of the preschool program.

6.26 In measuring participation, all children are counted as participating in a program irrespective of the length of time they attend. For example, children may be counted as participating even if they attend as little as one 2 hour session per week. In addition, children attending for such limited periods are deemed to have used their full entitlement to a year of funded preschool.

AFFORDABILITY OF PRESCHOOL PROGRAMS
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Level of per capita funding

6.27 The extent to which preschool programs remain affordable for parents is dependent on the level of fees charged by services which, in turn, is impacted by the funds available to the service from other sources.

6.28 In 1994, preschool funding was changed to a per capita basis from the existing framework which involved funding the majority of costs of delivering a program, including all staff salary costs. The adoption of the new funding model was part of changes in health, welfare and aged care services which were based on the following principles:

- “to put people first, rather than institutions or systems”;*
- “to ensure a fairer distribution of limited resources”;*
- “to obtain value for taxpayers’ funds”;* and
- “to provide better ... outcomes for all Victorians”.*



6.29 The Department advised that the initial per capita levels were based on funding provided at the time of the change less an amount which enabled the Government’s savings target of \$11.5 million to be met.

6.30 Prior to the change to per capita funding, the then Community Services Minister indicated in March 1993 that there were 62 500 preschool places in Victoria with funding budgeted at \$63.7 million. This represented funding of around \$1 020 per place. In comparison, the initial per capita funding provided in 1994 represented an average of only \$840 per place.

6.31 Increases in per capita funding provided for various categories since that time are set out in Table 6C.

TABLE 6C
PER CAPITA FUNDING 1994 TO 1997
(per year)

Year	Funding category			
	Standard	Rural	Small rural	Long day care
1994	\$800	\$1 000	\$1 500	\$370
1995	\$822	\$1 029	\$1 544	\$381
1996	\$847	\$1 060	\$1 590	\$392
1997	\$872	\$1 092	\$1 638	\$460
1998	\$930	\$1 165	\$1 747	\$491
Increase in last 4 years	16%	16%	16%	32%

6.32 It was concluded that the initial level of per capita funding was determined on the basis of meeting government savings targets rather than on a funding target in terms of the proportion of the costs of providing a preschool program to be met by the Government. No evidence was available regarding how the differences between the funding categories and annual increases for each category had been determined.

Fees charged by stand-alone kindergartens

6.33 Fees charged by stand-alone kindergartens have increased significantly over the past 5 years. As indicated in Table 6D, prepared on the basis of data provided to the Department by funded services, the increase across Victoria has been around 120 per cent since 1993 with the major increase in 1994 when funding was changed to a per capita basis and the overall funding level was reduced. The table also indicates that in the past 4 years, annual fees across Victoria have increased by around 23 per cent. This compares with an increase of around 9 per cent in the standard per capita funding category over the same period.

TABLE 6D
MEDIAN STAND-ALONE KINDERGARTEN FEES
 (per term/per year)

<i>Year</i>	<i>Metropolitan</i>	<i>Non-metropolitan</i>	<i>Victoria</i>
1993(a)	\$49/\$196	\$38/\$152	\$45/\$180
1994	\$100/\$400	\$62/\$248	\$81/\$324
1995	\$100/\$400	70/\$280	\$90/\$360
1996	\$110/\$440	\$80/\$320	\$95/\$380
1997	\$112/\$448	\$80/\$320	\$100/\$400

(a) Figures for 1993 represent a mean fee calculated by the Department on the basis of a sample of 163 preschool programs.

6.34 In calculating and reporting fee levels over the last 4 years, the Department has used the median, i.e. the mid-point of all fees. Using information maintained by the Department, an alternative calculation undertaken as part of the audit indicated that the weighted average term fee across the State in 1997 was \$123 compared with the Department’s median calculation of \$100. While this alternative calculation does not take into account the subsidised fees paid by Health Card holders, it provides a more meaningful indicator of the average fee paid by families across the State. It was also found that the fees paid by families varied significantly between and within local government areas. For example, the weighted average term fee paid by families in the City of Knox was \$56 compared with \$122 in the City of Casey.

6.35 Although the hourly rate paid for preschool programs in long day care centres is significantly higher than the hourly rate paid in stand-alone kindergartens, a direct comparison is not appropriate as the parents of many children attending long day care centres are also in receipt of a Commonwealth cash rebate and/or fee relief (for further details refer to paragraph 2.8 in Part 2 of this Report).

6.36 In accordance with Funding and Service Agreements with the Department, each service is to “... *provide an appropriate fee structure which maximises the quality and economic viability of the service and reflects the individual’s ability to pay*”. It was found that the Department had not monitored whether services were complying with this requirement or the requirement to ensure increased funding provided for Commonwealth Health Card holders had been passed on to the relevant families in the form of reduced fees. In summary, the Department had not fully assessed whether the level of fees had impacted adversely on affordability and participation rates.

Additional contributions by families

6.37 Anecdotal evidence indicates that since the change to per capita funding, families of children attending stand-alone kindergartens have been increasingly required to make additional contributions in the form of:

- Fundraising, estimated by Kindergarten Parents Victoria, which is a body established to provide support to parents and committees, to generate \$5 million per year;
- An annual levy in lieu of fundraising activities; and/or



- Voluntary input to committees of management. Kindergarten Parents Victoria has estimated that around 20-30 hours voluntary labour per week is required to ensure a service runs efficiently, equating to \$25 million per year in labour costs across the State. This level of contribution is due to the transferral of administrative tasks associated with the employment of staff from the Department to committees.

6.38 Based on Kindergarten Parents Victoria’s estimates, parents annually contribute a total of around \$47.5 million, including annual fees of \$17.5 million and their time in performing administrative tasks. Per capita funds provided by the Department of Human Services in 1996-97 totalled around \$57 million, some \$6.7 million less than the funding level reported in March 1993. Compared with the situation which existed before the change to per capita funding when the majority of preschool operating and administrative costs were met by the Government, a large portion of the costs of providing preschool programs, has now been shifted to parents. The actual proportion of costs met by parents varies considerably depending on the funding category, location of the service, staffing costs and annual enrolments.

Funding impacts for services

6.39 Feedback received during visits to services, in addition to matters raised in public submissions, indicated that the 1994 funding changes have caused a number of operational problems for many services. These include:

- Difficulties in responding to changing enrolments from one year to the next. In years of lower numbers, services can face financial difficulties and the children attending in that year can be disadvantaged. This was seen as a particular issue in some small rural communities;
- Committees of management experiencing stress in relation to achieving financial viability with the reserves of some services diminishing. The Department has not undertaken any overall analysis of trends in the financial position of services since the 1994 funding changes; and
- The need for services to take action which impacts on the quality of the services provided. Action taken has included engaging less experienced teachers to run the preschool program, increasing the number of children in the program and, in turn, adopting less favourable staff/child ratios, increasing fees, placing increased pressure on staff, reducing planning time and/or closing the service. This was a particular issue for community-based long day care centres which have also been affected by a loss of funding from the Commonwealth Government and, in some cases, from local councils.

Capital funding requirements

6.40 In addition to the per capita funding provided for preschool programs, specific purpose capital grants were provided to funded services in the last 2 years in the form of an equipment grant of \$2 500 in 1996 and an allocation in 1997 of \$1 700 to be used for minor works, program equipment and administrative equipment. A further \$1 million targeted capital funding was distributed in 1997 across a number of services. A number of issues emerged during the audit in relation to the method of allocating the available funds and the increasing difficulties some services are facing in undertaking capital works and maintenance.

Allocation of funds

6.41 The standard capital grants of \$2 500 and \$1 700 provided by the Department of Human Services were allocated to all funded locations irrespective of the capital needs of the service or the number of children funded. For example, a location which was funded for only one child received the same allocation of \$1 700 in 1997 as a location funded to provide a program for 60 children. The allocation of the funds on this basis was not necessarily conducive to achieving the Department's per capita funding objectives of a fair distribution of limited resources.

6.42 The \$1 million targeted funds were allocated in 1997 by the regions of the Department on the basis of assessing applications against a range of departmental criteria. However, the total funds available to each region was based on the number of funded locations in the region rather than, more appropriately, the number of children in the region enrolled in a preschool program or the relative needs of services in each region.

Difficulties for services in funding capital requirements

6.43 As indicated in Part 4 of this Report, assessments of safety undertaken as part of the audit identified a number of physical aspects of buildings which did not meet minimum standards. These included problems with the safety of internal doors, gates and fencing, the lack of protection from unsupervised or unauthorised entry, access by children to kitchens, and the absence of smoke alarms and emergency lighting. Some of these situations may relate to services which have been exempted from specific building requirements either by the Department or under the Regulations.

6.44 There was evidence during assessment visits and in public submissions that some services were having difficulties in funding capital requirements. Some expressed concern that funds from previous sources, including local councils, were no longer available. This situation placed increased pressure on committees of management to undertake fundraising activities for this purpose or to defer maintenance and capital works. In these circumstances, it is unlikely that the deficiencies identified during the audit will be addressed in the short-term by some services.



□ **RESPONSE** by Secretary, Department of Human Services

The Department notes audit’s comments in relation to preschool fees and affordability, however disputes the suggestion that fee levels have prevented families from accessing a funded preschool service. Preschool participation in Victoria has remained around 90 per cent since 1994, with a higher rate of 91.8 per cent in 1997.

The Department rejects audit’s suggestion that an alternative method should be used to calculate the term fee charged for comparing funded preschool services. In relation to the merits of using the median versus the mean, audit’s own comments on fees indicate that fees “varied significantly between and within local government areas”. Based on independent expert advice, the Department has calculated the median (not mean) term fee because this is the most robust statistical measure. The values being assessed can be affected by extremely high and low values, and this is the case with preschool fees across the State. As an example, some private preschools charge term fees in excess of \$1 600 per year whereas some preschools charge \$30 to \$50 per term.

Furthermore, the Department disputes audit’s use of existing departmental data to calculate a “weighted average term fee” paid by families, as that data was not collected in a way which allows conclusions to be drawn about the fees paid by each family. As indicated in audit’s own section heading, the Department has collected and analysed data on “fees charged” by services, not fees paid by individual families.

FLEXIBILITY IN SERVICE DELIVERY

6.45 In 1994, the Government introduced an initiative involving the funding of long day care centres to provide preschool programs. Such funding had previously only been available to stand-alone kindergartens. The change in policy, together with the move to per capita funding, was intended to foster the development and delivery of programs which better meet the needs of parents. It was intended that the managers of services would have the flexibility to adopt a range of service delivery options, including the provision of a number of services at the one location.



*Children participating in a preschool program within a long day care centre.
(Reproduced with the permission of the Lady Gowrie Child Centre)*

6.46 Shortly after this change, a departmental survey of a sample of funded services indicated there had been some change from the traditional kindergarten model of 2.5 hours on 4 days per week with the major change to a model which comprised 3 sessions per week, of equal length. Although the Department has collected information in recent years relating to the types of services offered by funded services, it has not analysed the data to assess the extent to which the objectives of increased flexibility have been achieved. In addition, as specific objectives and targets were not established in relation to increased flexibility and/or increasing the range of services available at a location, it is not possible to determine whether outcomes have been in line with departmental aims.

6.47 An analysis undertaken as part of the audit, based on data provided to the Department by service providers, indicated that there had been an increase in the number of funded preschool locations from 1 275 in 1993 to 1 576 in 1997. This has provided greater choice to parents in terms of the preschool programs available. On the other hand, the data suggested that there had not been a significant change in the preschool service delivery model chosen by parents or the extent to which various types of services had been integrated at one location. In particular, in 1997:

- Over 90 per cent of funded places continued to be located in stand-alone kindergartens;
- The prime role of most stand-alone kindergartens continued to be the provision of preschool programs to 4 years. Most operated on a sessional basis with a large proportion offering 10 hours per week for 40 weeks per year;



- Although many stand-alone kindergartens operated programs for 3 year old children, the introduction of these programs was often aimed at supplementing the funded preschool programs provided to 4 year olds; and
- Less than 10 per cent of funded services offered extended hours and around 7 per cent provided long day care services in 1997. In 1994, the Department identified that 27 per cent of funded services offered a long day care model or a model which combined preschool with long day care.

□ **RESPONSE** by Secretary, Department of Human Services

The Department believes that changes introduced in 1994 to enable long day care centres to apply for preschool funding have significantly increased choice for parents, particularly working parents wishing to access preschool programs. This will be further enhanced by Councils of State Schools that provide primary education being able to apply for preschool funding in 1998. That significant numbers of parents still choose to send their children to traditional preschool programs reflects community preferences rather than a lack of flexibility in the funding model.

The Department's flexible and responsive approach to the allocation of preschool funding is evident in the data which demonstrates an increasing demand for preschool services in long day care centres since 1994.

Preschool enrolments in long day care were given a significant boost in 1997 when the requirement for a minimum number of children was removed and the long day care per capita rate received an increase proportionally greater than that received by other service categories. From 1996 to 1997, enrolments in long day care increased by 58 per cent with 161 new long day care locations and from 1997 to 1998 enrolments increased a further 28 per cent with 71 new long day care locations.

Increased integration and flexible service delivery is also demonstrated by almost 90 per cent of funded preschool locations offering at least one other children's service in addition to the funded preschool service.

Audit presents no evidence to support the contention that programs for 3 year old children are generally aimed at supplementing the funded service for 4 year old children. Programs for 3 year old children operate in response to consumer demand and community preference.

SUPPORT TO PARENT COMMITTEES

6.48 At the time funding was changed to a per capita basis, full responsibility for employing staff and making arrangements for salary payments was transferred from the Department of Human Services to the committees of management of stand-alone kindergartens.



6.49 Around 31 per cent of stand-alone kindergartens visited by members of the audit quality assessment team raised concerns regarding the roles and responsibilities of the committees including difficulties in attracting committee members given the large workload involved, problems with the annual change in the composition of committees, lack of skills and abilities within the committees to perform the role and pressures on teachers to assist committees in their role. The following comments illustrate the views expressed during visits or in submissions made in response to audit advertisements:

- *“The kinder year is a wonderful year for our children and as parents we want to be actively involved in this. To many of us the Committee of Management is a perfect opportunity to be involved, but one that is becoming less attractive every year. The Department has passed a huge administrative burden onto Committees and assumes a level of administrative expertise that does not always exist. It often proves difficult to get practical help from the Department which is remote from the day-to-day running of a kinder.”*
- *“... it takes 6 months to learn the job and another 6 months to find a replacement committee.”*

6.50 The Department identified in 1994 that the demands on members of committees, which primarily comprised parents as volunteers, was extremely high and reaffirmed the vital need for ongoing support services. Since that time, the primary support provided to committees by the Department has been through funding to Kindergarten Parents Victoria. Its membership includes stand-alone kindergartens, long day care centres and local councils. In 1997-98, the Department is providing \$174 000 to Kindergarten Parents Victoria in return for the provision of a range of services. The Department also funds payroll support services available to all funded committees of management.

6.51 The funds provided to Kindergarten Parents Victoria are used to provide support and advice to all funded committees of management up to a limit of 3 phone calls and one consultation per year. A range of other services are provided under the funding agreement including training and intensive consultancy services. In some cases these services are only available to members of Kindergarten Parents Victoria or are available to members at reduced costs. A number of the comments made during the audit indicated some dissatisfaction with the level of support available to committees of management, including dissatisfaction that committees are required to be financial members of Kindergarten Parents Victoria in order to receive the extent of support previously provided by the Department. Concerns were also raised that the position of Kindergarten Parents Victoria could be compromised in some cases as it is in competition with some of its clients through its affiliation with an organisation involved in the provision of children’s services.



6.52 The funding provided to Kindergarten Parents Victoria is subject to a Service Plan agreed with the Department which sets out the expected outputs to be provided, such as the number of committees to receive assistance and the number of manuals to be produced and distributed. Given the above comments made by some committees and the considerable workload of committees, the Plan would be enhanced if it also defined agreed outcomes and performance measures regarding the extent to which the services provided under the funding arrangement meet the needs of all committees of management.

□ **RESPONSE** by Secretary, Department of Human Services

The Department believes that a significant range of support services is available to preschool committees of management. A number of these services are purchased by the Department at a cost of approximately \$850 000 per annum. They include:

- *a management support service provided by Kindergarten Parents Victoria that offers training, support, advice and information to strengthen the self-sufficiency of services through skill acquisition, self-help resources and to facilitate the development of efficient and effective management structures;*
- *a payline support service provided by Lend Lease that offers processing of fortnightly salary-related information, reports on expenditure and staff entitlements and advice and training on salary-related matters;*
- *a training and advisory service provided by Lady Gowrie Child Centre that offers training and support to preschool staff and management bodies in relation to preschool program development; and*
- *a multicultural support service provided by the Multicultural Resource Centre that offers information and advice, professional development, bilingual support and information to assist preschool staff and management bodies in working with families and children from non-English speaking backgrounds.*

The services provided by Kindergarten Parents Victoria, Lady Gowrie Child Centre and Multicultural Resource Centre are currently subject to competitive tender for a 3 year period to be implemented from the 1998-98 financial year.

The Department refutes the comments that services provided previously by the Department are now offered on a user-pays basis by Kindergarten Parents Victoria. The services purchased by the Department from Kindergarten Parents Victoria are additional to those provided by the Department prior to 1994.

COMPLIANCE WITH FUNDING CONDITIONS

Allocating funds

6.53 Each year, the Department of Human Services establishes funding criteria covering matters such as the age requirements for eligible children, the required legal status of funded services and the minimum number of children to be enrolled in a funded program. In 1997, eligible children were regarded as those turning 4 by 30 April in that year who did not have, or had not previously had, access to a funded preschool program. Approval could be sought from the Department for younger or older children to participate or for children assessed as having additional development needs to participate in a funded program for a second year. A minimum enrolment of 20 and 15 eligible children applied to metropolitan and rural stand-alone kindergartens, respectively. Minimum enrolment requirements were not stipulated for long day care centres or small rural stand-alone kindergartens.

6.54 Examination of a sample of 1997 preschool funding allocations at the 3 regions of the Department included in the audit indicated that all services which met the established funding criteria were allocated funds. This approach was consistent with the Government's objective of providing all children with access to a year of funded preschool.

Defining service requirements

6.55 All funded services are required to enter into a Funding and Service Agreement setting out the terms and conditions of the funding and, in broad terms, the quality of the service to be provided. For example, the 1997 Agreements indicated that the funded services were to provide a developmentally appropriate program, adopt sound management practices, protect the safety, physical health, and social and emotional wellbeing of children, and involve parents in the program.

6.56 As previously indicated, the Department has not stipulated any requirements in relation to the number of hours of preschool to be provided to each child for the funds provided. In practice, the audit found that there were significant differences in the hours provided related to the type and location of the service. For example:

- Stand-alone kindergartens generally provide 8-10 hours per week on a sessional basis;
- In some remote rural areas less than 5 hours per week are provided by stand-alone kindergartens;
- In some stand-alone kindergartens attached to private schools over 30 hours per week are provided; and
- In the case of programs provided in private long day care centres, a small number operate separate programs on a sessional basis for up to 10 hours per week. However, many programs are integrated in the normal 3-5 or 4-5 year old room. In these cases, children at the same location can participate for as much as 50 hours per week or as little as one hour per week, depending on the length and pattern of the child's attendance.



6.57 In purchasing services, it is considered that the Department should stipulate at least a minimum number of hours a child is to receive for the per capita funds provided.

6.58 Where programs are delivered for 3-5 year olds in long day care centres, it was also found that many children who are not funded by the Department participate in the programs. The Department has not evaluated this situation with a view to determining any impact on the quality of the program provided to a broader age range of children or the inconsistencies between the approach in long day care centres and stand-alone kindergartens in terms of children attending a funded program for more than one year.

Monitoring compliance with Agreements

6.59 Each of the regions visited indicated that considerable time is spent preparing Funding and Service Agreements. Time is also spent developing variations in cases where changes occur during the year. For example, variations were necessary to all Agreements as a result of the allocation of \$1 700 to all funded services for minor works.

6.60 While signed copies of the Agreements could be provided for most selected services at the 3 regions visited, they often took considerable time to locate. In the case of one region, a copy of the schedules to the agreements detailing the specific financial and operational data for each funded service was not retained by the Department. It was concluded that little emphasis was placed on the Agreements once they had been prepared and they were not treated by the Department as ongoing contractual arrangements which needed to be regularly monitored.

6.61 None of the regions visited had established procedures which satisfactorily assessed whether the terms, conditions and service delivery requirements defined in Agreements had been met. For example:

- The quality of programs was not assessed during visits to services by the Department’s Children’s Services Advisers. Similarly, there was no evidence of any substantiation that funds provided for equipment and minor works had been spent for the purposes provided;
- Procedures were not in place within the Department to substantiate that payments to funded services were in line with Agreements. A number of queries raised during the audit relating to minor discrepancies between payments made to services and financial data within Agreements could not be explained by the Department; and
- Although Agreements define information which is to be provided to the Department by funded services, it was concluded that the information requested was not adequate to enable most key requirements defined in the Agreements to be monitored or to assess the outcomes of the funding program.



□ **RESPONSE** by Secretary, Department of Human Services

The Department believes that service agreements are an excellent mechanism to detail the contracted arrangements, specify targets of core service delivery and clearly define accountability processes. It should be noted that service plans and funding are renegotiated each year in the light of the performance of a funded agency. The Department implemented the Interim Service Agreement Management System in 1994-95. As part of a continual improvement process, an updated version of this Statewide on-line information database, Service Agreement Management System (SAMS), will commence operation in 1998-99. SAMS will enable regions to monitor service performance in a uniform way and will provide an historical and up-to-date record of contractual arrangements.

Efficiency of data collection processes

6.62 Comments were made at each of the regions of the Department visited regarding the large amount of data to be submitted by services and the associated administrative effort involved within the regions. Staff indicated that the required checking, photocopying and rechecking of data input was time consuming and took resources away from other duties such as inspection activities. Comments were also made by funded services regarding the time involved in preparing the data and submitting it to the Department.

6.63 Despite the preparation and collection effort involved, it was found that a large amount of the data provided was not utilised by regions for planning or monitoring purposes with regions merely acting as a “post box” for the Head Office of the Department. There was also no evidence that much of the data provided had been used by the Department’s Head Office for management purposes or to assess trends and outcomes. For example, the following information provided by all services in 1997 and recorded in the Department’s systems had not been analysed:

- data relating to the number of hours spent by teachers in teaching and non-teaching activities;
- data on the types of services provided at each location and the physical setting of the services;
- the nature of the programs delivered in private sector long day care centres; and
- information regarding any alternative fees charged by services.

6.64 Given this situation, the relevance and efficiency of asking funded services to spend time completing the forms and utilising departmental staff resources to administer the collection process and enter data on the system is questionable. It was concluded that more clearly defined objectives and targets for the preschool program would assist in defining information requirements and eliminating the collection of any unnecessary information.



□ **RESPONSE** by Secretary, Department of Human Services

The Department disputes audit’s claim that much of the data collected from agencies has not been used to analyse trends. In fact, a wide range of preschool data is analysed and compared over time. Examples include the data on participation rates, enrolments per funding category and preschool fees, all of which were provided to audit and have been used in compiling this Report. The Department also notes that the purpose of collecting particular data items varies. Not all items are suited to, or intended for, trend analysis; the vast majority of data collected from agencies is analysed in an appropriate manner and used to inform funding and policy decisions.

Compliance with funding requirements

6.65 Based on assessments undertaken as part of the audit, it was clear that many services had not provided programs in line with some key funding requirements. This situation is considered unsatisfactory as the Department paid for services which were not received and a number of funded services provided a program which was not in line with some of the agreed funding conditions. The need to clearly specify the nature and quality of services to be provided by funded services is recognised. However, under current arrangements, it is apparent that the considerable time spent by both the Department and the funded services in preparing Funding and Service Agreements and providing information to the Department is not necessarily effective in terms of achieving outcomes for children. Some specific aspects of non-compliance with Agreements identified during the audit are discussed in the following paragraphs.

Staffing numbers

6.66 Twenty-nine per cent of funded private sector long day care centres visited had only one staff member involved in the preschool program at the time of the visit. Although the staff/child ratios were generally in line with regulatory requirements in these cases as there were less than 15 children participating in the program, the services were not in line with agreed funding conditions which required the service to have at least 2 paid staff involved in the program. In many of these cases, the members of the assessment team commented that the presence of only one teacher impacted adversely on the quality of the preschool programs delivered.

Staffing qualifications

6.67 Thirty-one per cent of preschool programs in private sector long day care centres were not delivered by a teacher with early childhood qualifications, or studying towards such qualifications, as required under funding arrangements. In many cases, the teacher delivering the program had primary teacher qualifications. The members of the assessment team indicated that this factor impacted adversely on the quality of the programs which were often “adult directed” or had a “classroom atmosphere” rather than addressing the development needs of the individual children in the program.

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Programming requirements

6.68 Many of the funded preschool programs visited were assessed as poor in relation to a number of the criteria used as a basis of assessment. For example, the following weaknesses were identified which represented variances from requirements specified in Funding and Service Agreements:

- records of individual children and their development were either not maintained, were out of date or were of a poor quality;
- there was no linkage between the individual developmental needs of children and the program delivered; and
- the programs lacked developmental opportunities and/or were impacted by limitations in equipment and facilities.

□ **RESPONSE** by Secretary, Department of Human Services

The Department currently monitors compliance with funding requirements in a number of ways, including a self-assessment checklist completed by all agencies and visits to some agencies. It intends to further strengthen its monitoring of funded service provision from 1998-99. The new monitoring regime will include a detailed examination of a random sample of funded agencies to determine the extent of compliance with a range of qualitative requirements, as well as cross-checking output data provided on data collection forms. This enhanced monitoring will supplement continued monitoring of all agencies' achievement against service delivery (output) targets.

SCHOOL AGE CHILD CARE SERVICES

Funding models

6.69 According to documentation prepared by the Department of Human Services, school age child care services are aimed at providing affordable, reliable and high quality care for primary school children before school, after school, during school holidays and on pupil-free days. There is a range of different funding models for the programs involving historic Commonwealth and/or State funding arrangements. In some other cases, programs provided by schools are funded by school councils or are fully funded through the fees paid by parents. Different fee structures are in place, depending on the level and type of funding received, and different programs may operate at the one location. This situation results in complex arrangements which are time-consuming to administer both from the perspective of the Department and funded services.

Allocation of funds

6.70 In recent years, the only new funding in Victoria for school age child care programs has been provided under the 1992-96 Commonwealth-State Child Care Agreement. In total, approximately 3 500 year round care places were funded, to be administered by the State. The funds were allocated progressively in 5 rounds.



6.71 An examination of funding decisions, under the Agreement, indicated that programs recommended for funding by the regions visited had been appropriately assessed against the Department’s selection criteria. However, not all regional funding recommendations, which were limited to identified high need areas, could be met. Based on assessments undertaken by the Planning Advisory Committee established by the Commonwealth to identify high need areas, Victoria’s requirements for school age child care services are currently unmet with the greatest need for additional places in rural areas.

6.72 Anecdotal evidence indicates that there is considerable pressure on primary schools to operate school age child care services with a view to meeting the needs of families and thus increasing enrolments.

Defining and monitoring service standards

6.73 School age child care services are not subject to regulation or inspection, except in a small number of cases where a complaint received by the Department of Human Services may result in a visit to the program. There are no legislative requirements in terms of providing adequate space, meeting health and safety standards or ensuring an adequate number of staff with appropriate qualifications operate the service.

6.74 Funds provided by the Department of Human Services for school age child care services, either from State or Commonwealth sources, are the subject of Funding and Service Agreements. These Agreements set out requirements in relation to matters such as the quality of the program, priorities for allowing access to the programs and certain policies to be established by the service. In accordance with the Agreements, services are to comply with the *National Standards for Outside School Hours Care, June 1995* which address a range of quality issues. The Department of Education has also issued guidelines to be used by schools which operate programs.

6.75 It was found that procedures were not in place to ensure services had been provided in line with these funding requirements. For example, visits were not made to services to assess the quality or suitability of the programs delivered. In addition, the Department had not established procedures to ensure payments made to funded services were in line with the Agreements. As a result, the Department was not in a position to determine whether the services it had purchased had in fact been supplied in line with Agreements.

Provision of information by services

6.76 As with preschool programs, the preparation and administration of Funding and Service Agreements in relation to school age child care services is time consuming and involves the same processes whether funds of \$1 000 or \$60 000 are involved.



6.77 Funded services are required to submit certain data to the Department at least annually. For example, in addition to a large volume of statistical information, all funded services were required to complete a Funding and Service Agreement Checklist in the 1996-97 year. The Checklist required services to complete over 80 questions relating to the extent to which they had met the national standards and other funding requirements. The data on each form was checked individually at a regional level for any obvious omissions or errors, the service was contacted where there was a need to obtain missing data and each checklist was photocopied and forwarded to the Department's Head Office. Despite the resources involved, information from the previous year had not been analysed and information for the current year had not been analysed 9 months after its return to the Department, or used as a basis for developing strategies to improve compliance with the standards.

RESPONSE by Secretary, Department of Human Services

Significant changes are underway regarding roles and responsibilities for School Age Child Care in Victoria.

The Commonwealth announced in the May 1997 Budget that it would be redirecting all operational subsidies for funding of school age care to an income tested model of fee relief, Child Care Assistance. This decision comes into effect from 27 April 1998. All Commonwealth/State and 100 per cent Commonwealth funded services will then move to a system which will be directly funded and administered by the Commonwealth. These services will no longer have any funding relationship with the State.

The State is currently considering future arrangements for services ineligible to move to this system.

Part 7

Local councils as service providers



OVERVIEW

7.1 Local councils have traditionally played a key role in planning for and providing children’s services. However, as a result of funding and legislative changes in recent times, many councils have moved away from managing these services on a day-to-day basis with some now managed by in-house teams as a result of a competitive tender process and others transferred to committees of management. Due to the pressures on councils to operate in a more competitive environment, some councils are questioning the purpose of providing services in competition with the private sector.

7.2 Under the range of service delivery models which are now in place, it was found within the 5 councils included in the audit that the roles and responsibilities were in some cases unclear. Due to this factor, and weaknesses in the performance management structures in place, the councils were not in a position to be fully accountable for their children’s services. Policies and practices for managing the significant property resources utilised in delivering children’s services also required strengthening to ensure assets were accurately recorded, adequately maintained and effectively utilised.

7.3 In the cases examined where councils have subjected their children’s services to competitive tendering, the cost savings claimed resulted, to a large extent, from increased charges for the use of services rather than efficiency gains. In effect, the process had resulted in the transfer of some costs from ratepayers to service users. While the councils have not evaluated the impact of the competitive tendering process on the quality of the services delivered, there is anecdotal evidence to suggest that some aspects of quality have in fact declined.

INTRODUCTION

7.4 The *Local Government Act 1989* describes the purposes of a council as, inter alia, “... to provide equitable and appropriate services and facilities for the community and to ensure that those services and facilities are managed efficiently and effectively”. Schedule 1 of the Act defines the functions of councils as including “services for children and families” and “child care and development services”.

7.5 Within this context, local councils have traditionally been responsible for providing a range of children’s services including stand-alone kindergartens and long day care centres. The services have been funded from State and Commonwealth Government sources, in addition to the direct input by councils of capital and operational funding and support in the form of management and co-ordination.

CHANGING ROLE OF COUNCILS

7.6 In recent years the role of councils in this area has been in the process of change. The factors which have driven the change include:

- alterations to Commonwealth funding arrangements which resulted in operational funding for community-based long day care centres ceasing from July 1997;
- a reduction in the level of contributions made by the State Government to funding preschool programs;
- council amalgamations which have, in some cases, bought together a range of different service delivery arrangements within a single council;
- the introduction of compulsory competitive tendering; and
- the introduction of Ministerial powers to limit rates and charges, known as ratecapping.

7.7 These factors have placed resourcing constraints on councils in terms of the services they provide and have forced them to operate within a competitive market environment where there is a need to take greater account of demand and supply factors. Feedback from some councils included in the audit indicated that funding changes had caused significant fee rises that put the charges for council services on a par with those of the private sector, particularly in the case of long day care centres. Some councils are now questioning the purpose of providing these services in competition with the private sector.

CURRENT SERVICE DELIVERY MODELS

7.8 Within the 5 councils examined as part of the audit, there had been a number of different responses to the changing environment including the way in which compulsory competitive tendering requirements had been met. As a result, a range of service delivery structures was found to exist with varying degrees of council involvement in the planning and delivery of the services.

Long day care centres

7.9 In the case of long day care centres it was found that all councils continued to take a role in providing services. Three councils continued to directly manage the services while the remaining 2 managed the services under agreements with in-house teams which resulted from a competitive tender process. Some long day care centres were also operated in council properties by community-based committees of management.

7.10 Two of the councils had been reassessing their role in operating long day care centres since the recent loss of Commonwealth funding subsidies. They were considering whether to retain services under council management and/or subject them to competitive tendering, transfer them to committees of management, or close them down. However, as most of the facilities had been built with Commonwealth funding, the ability of councils to divest themselves of the services was hampered by the terms and conditions of the Commonwealth capital agreements covering their use.



Stand-alone kindergartens

7.11 Each of the 5 councils included in the audit owned properties used for stand-alone kindergartens. In some cases these were facilities shared with other service types such as Maternal and Child Health centres. Some stand-alone kindergartens also operated in non-council facilities which were built on council land. Management arrangements for stand-alone kindergartens comprised the following:

- In 3 councils, responsibility for the majority of the services lay with committees of management. The councils had limited involvement, ranging from responding only when requests for assistance or support were made, to having little or no involvement in their operations apart from providing the facilities;
- In one council, management of the services was subject to an agreement with an in-house team after a competitive tendering process; and
- The remaining council continued to directly manage half of its services while the rest were operated by committees of management. This situation reflected arrangements that had been in place under 2 separate councils prior to their amalgamation.

PERFORMANCE MANAGEMENT FRAMEWORKS

7.12 Irrespective of the management structures in place, the establishment of a sound performance management framework is essential to regularly measuring achievements against policy objectives and developing strategies and targets aimed at continuous improvement. It was found that the accountability frameworks which were in place for children’s services within the councils examined were deficient in one or more of the following areas:

- the council’s roles and policies were not clearly defined;
- objectives, strategies and targets were not established;
- suitable performance indicators were not defined; and
- performance was not regularly measured and evaluated.

7.13 Consequently, the councils were not in a position to be fully accountable for their roles and responsibilities in this area. Details of specific deficiencies follow.

Corporate planning

7.14 All councils had established 3-year corporate plans dating from either 1995 or 1996. With one exception, the plans contained statements of the councils’ roles in operating long day care centres. These statements were in accordance with the sections of the *Local Government Act* 1989 that define the purposes and objectives of a council. However, only 2 councils had developed statements of objectives, strategies and performance indicators which supported the role definition. In these cases, the framework had been developed through the process of contracting out the services under compulsory competitive tendering arrangements.



7.15 With the exception of the council which had contracted out the management of its stand-alone kindergartens, none of the corporate plans addressed the roles of councils as providers of these services and/or the facilities in which they operate. For example, statements governing the use and retention of council assets for the purpose of operating stand-alone kindergartens were not included in the plans and the plans did not acknowledge any council role, albeit limited, in the case of stand-alone kindergartens managed by committees of management within council properties.

Performance reporting

7.16 None of the councils audited had established a suitable performance reporting process for its children’s services. Performance indicators or other measures for assessing performance either did not exist or, where they existed, were inadequate for performance measurement, or had not been utilised.

7.17 As the corporate plans developed by the councils were directed at a very high level, they did not accommodate the type of detail required for adequate performance measurement. In addition, effective processes for reporting achievements against the corporate plans had not been established.

7.18 While some councils had in place a structured hierarchy of business or strategic plans beneath the corporate plans, it was found that only one had sufficient detail or measures to enable assessment of council performance. In this case, assessment against the performance indicators had not occurred.

Reporting against in-house agreements

7.19 In the 2 cases where agreements had been established with in-house teams, reporting against the contractual requirements was found to be deficient in terms of the following:

- The reporting was focused on quantitative financial results such as the cost per place and levels of utilisation of services. Matters associated with the quality of the services provided and the outcomes achieved for children were not reported on;
- In one case, reporting by the service provider did not conform to the requirements of the in-house agreement and did not address reporting against agreed performance indicators. The council had not assessed the performance of the provider against the measures specified in the agreement; and
- In the other council, monthly reporting had diminished from reporting on, inter alia, customer satisfaction, staffing and service quality to only reporting on financial results in the form of utilisation levels and the cost per place.

ASSIGNMENT OF ROLES AND RESPONSIBILITIES

7.20 Where councils continued to directly manage children’s services, the associated roles and responsibilities clearly remained with the councils. However, it was found that in cases where the services were the subject of an in-house agreement or were managed by committees of management, the assignment of roles and responsibilities was not always clearly defined.

Services subject to in-house agreements

7.21 The 2 councils operating children’s services under agreements with in-house teams had taken different approaches aimed at separating the role of the council as the purchaser of services from the council as a service provider. In one case, a horizontal split in the organisational structure was used, with the in-house team located within the Children’s Services Branch of the council. In the other case, the in-house team was located within a separate division dedicated to the supply of a range of services awarded as a result of competitive tendering processes. With the intention of creating 2 discrete entities, this division had been vertically separated from the purchaser, or client, side of the council with only the Chief Executive Officer having responsibilities in relation to both roles.

7.22 It was found that under these arrangements:

- It was not possible for the in-house team to operate totally autonomously from the council;
- There was ambiguity in relation to the employment status of staff. While the staff were engaged by the council under an agreement similar to a contractual arrangement, the council also had continuing responsibilities as employer of the in-house team members in terms of pay and conditions;
- It was difficult for contract staff to follow the normal dispute resolution mechanisms that would be available to contracted parties; and
- There were difficulties in clearly separating the management and governance costs from service delivery costs.

7.23 By way of example, in the council where a horizontal split had been used, the responsibilities of the council as a purchaser and as a provider had not been clearly delineated. When the manager of the in-house team also occasionally acted in the position of manager of the Children’s Services Branch on the purchaser side. In these circumstances, the council’s organisational principle of service providers fulfilling the purchaser role on a separate fee-for-service basis was not followed. In addition, proper contract management procedures had not been maintained in that some decisions were taken on the contract arrangements by the in-house team manager acting in the purchaser position.



7.24 In the case of the council with a vertical organisational split, the service provider staff were required under their agreement to deliver annual surpluses to council from the operation of the Council’s long day care centres. The in-house agreement stipulated that the surplus in the first year was to be “*redirected to service enhancements*”. However, these enhancements had not been defined. The surplus was subsequently used by the council to offset its contract management, maintenance costs and some capital expenditure, contrary to the expectations of the in-house team that it would all be spent on new strategies within the services. The in-house team perceived that the Council was acting against the spirit of the agreement and that they had no independent avenue of redress. An appeal to the councillors on behalf of the in-house team would have been presented by the Chief Executive Officer who was also responsible for acting on behalf of the Council as the principal to the agreement. There was no other adequate mechanism to address grievances on the part of the “*contracted*” staff.

Committees of management

7.25 In the cases where children’s services were managed by committees of management within council properties, the roles and responsibilities of each party in relation to maintaining facilities, monitoring performance and managing assets had generally not been specified. In some cases, this situation left the councils and management committees at risk. For example, in one case the council unwittingly remained the registered proprietor of some services transferred to committees of management and, as such, retained responsibilities in relation to registration under the *Health Act* 1958 and for compliance with the Children’s Services Centres Regulations 1988. Agreements were not in place between the councils and the committees outlining the responsibilities in this regard and the council had not set in place processes to ensure its legal responsibilities had been met.

7.26 Similarly, councils had not specified their role and ongoing responsibilities as providers of the facilities used by committees of management. As such, the level of support to be provided to the committees and the council’s responsibilities to ensure, on behalf of the community, that the services conformed to accepted standards were unclear.

OUTCOMES OF COMPETITIVE TENDERING ARRANGEMENTS

7.27 Statements made by the State Government regarding the benefits of compulsory competitive tendering point to its ability to deliver better quality services for less cost.

Cost savings

7.28 In relation to the Government’s objectives, the 2 councils included in the audit which had subjected children’s services to competitive tendering had attributed significant savings to this process. However, a number of queries regarding the accuracy and interpretation of those claims arose during the audit.

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Interpretation of cost savings

7.29 Less cost was taken to mean less cost to council. While it was found that the net cost to councils of providing children’s services had in fact reduced in both cases, this had resulted to a large extent from increased fees to service users rather than reduced operating costs. In effect, there had been a transferral of some costs from ratepayers to service users. In one council, 30 per cent of the claimed savings resulted from fee increases amounting to \$30 000. In the other, fees increased by 7.4 per cent as a result of the tender bid, an increase to service users in real terms of \$134 000 over the 3 years of the agreement. This represented 66 per cent of the savings claimed to result from the competitive tendering process.

Return of a surplus

7.30 As described earlier in this Part of the Report, one council required the in-house team to deliver annual surpluses from the operation of long day care centres. The amount of the surplus increased from \$20 000 to \$40 000 over the life of the 3-year agreement. To meet this requirement, it was found that user fees were raised by \$2 per child per week in 1997 and fees will need to rise by further \$1 per week in 1998 and \$2 per week in 1999. In relation to the requirement to deliver a surplus, it was also found that:

- Although the surplus was described by the Council as representing the profit that would be expected from a commercial long day care enterprise, the council had not undertaken any industry analysis, comparative costings or benchmarking of results to support this assertion;
- There was no clear rationale for requiring the long day care centres to deliver annual surpluses to Council and such an approach was not part of the Council’s stated policy included in its corporate plan;
- The requirement was contrary to the funding terms and conditions for the use of the facilities which had been extended using funds provided by the Commonwealth Government; and
- To meet the requirement, certain costs of operating the centres had been reduced. The following comment was made by the member of the audit quality assessment team who visited one of the centres: *“There is, however, a sense of a service trimmed to the last possible cost efficiency with some areas impacting on the overall quality potential of the service, e.g. the outdoor environment”*.

Service quality

7.31 Neither of the 2 councils examined which had subjected their children’s services to competitive tendering had established procedures to evaluate or report on the impact of the process, if any, on the quality of the services delivered.



7.32 However, there was anecdotal evidence gathered during the Statewide assessments of community-based long day care centres, and within the councils audited, which suggested that compulsory competitive tendering processes had led to decreased quality in some aspects of service delivery. For example:

- In the Council subject to audit where stand-alone kindergartens were subject to an in-house agreement, additional revenue had been raised by increasing the number of children participating in each sessional group from 28 to 30. This resulted in the service operating at the maximum staff/child ratios permitted under the Regulations. As discussed in Part 4 of this Report, a reduction in the staff/child ratios can diminish the quality of the service;
- A common cost-cutting approach in councils operating more than one long day care centre has been to move from having a co-ordinator at each long day care centre to having one co-ordinator across all centres. It was reported that this had removed the day-to-day support and supervision provided to staff and increased the responsibilities placed on the staff member who was second-in-charge, usually a child care worker. Increased stress was placed on all staff in times of emergencies, when co-ordinators were not available to act as relief staff if there was a need to remove a child from one of the groups;
- Some staff of long standing experience spoke of their intentions to leave the child care industry because of the stress arising from cost-cutting measures and the feeling that their work experience and commitment to providing a quality service were no longer valued. Many services spoke of staff “*stretched thinly*” and “*making do*” under conditions which were less favourable than those that previously existed;
- In one case, all staff except the Director of the service and the cook were made redundant during the tendering process “... *in case the council [in-house team] did not win the competitive tendering process*”. Other cases were cited where council staff were made redundant due to council decisions to transfer services to committees of management, to remove the need for any further council expenditure. These actions in relation to staff are of concern given that continuity in the relationships between young children and their caregivers is a key aspect of a quality service; and
- A higher proportion of community-based long day care centres which had been competitively tendered were assessed as poor in terms of maintaining staff/child ratios during meal breaks and other staff absences, compared with those managed by committees of management and directly by councils.

MANAGEMENT OF COUNCIL-OWNED PROPERTIES

7.33 It was found that the councils examined as part of the audit did not have in place adequate asset management policies and procedures in relation to facilities used for the purpose of delivering children’s services. Given that it is estimated the councils had around \$30 million invested in the facilities, it is important that procedures are developed which ensure the facilities are accurately recorded, adequately maintained, appropriately insured and effectively utilised. In cases where the facilities are leased to other parties, leases clearly specifying the terms and conditions of their use should also be in place. Specific deficiencies relating to the current asset management practices follow.

Asset recording

7.34 All of the councils examined had asset registers in place which recorded council-owned facilities used to deliver children’s services. In some cases, the registers were found to be inaccurate in that they included properties not owned by the council, or they omitted council-owned properties. These practices resulted in councils mistakenly allocating maintenance funds and extending insurance coverage to non-council properties, and omitting council-owned properties from normal asset management procedures.

Maintenance

7.35 Only one council was found to have an adequate structured, cyclical approach to carrying out maintenance on properties used for children’s services. In the case of the remaining councils it was found that:

- Three had a reactive approach, relying on committees of management or service providers to alert them to the need for repairs and the other had only recently commenced annual inspections and was intending to develop a structured approach;
- None of the councils had maintenance policies or agreements that ensured facilities were maintained to the standards required under the Children’s Services Centres Regulations 1988;
- In the councils where services were subject to in-house agreements, maintenance arrangements were addressed, to some extent, within the agreements. However, in both cases, there was a lack of definition and clear delineation of responsibilities of both parties between minor and major maintenance; and
- Where committees of management operated services from council facilities, councils had either not established lease agreements or those in place did not include adequate maintenance clauses.



Regular maintenance of children's outdoor play equipment.

7.36 All but one of the councils examined were found to have complied with the requirement to carry out an asbestos audit on their buildings under the Occupational Health and Safety (Asbestos) Regulations 1992. In the Council where the asbestos audit had not been completed, action had been initiated to rectify the omission.

7.37 The asbestos audits identified that some buildings were affected by the presence of asbestos and, where required, adequate action had been taken for its removal. However, in one Council where identified asbestos did not require removal, information concerning the location of the asbestos and safety arrangements for carrying out maintenance of these facilities had not been provided to the committees of management with maintenance responsibilities.

Insurance policies

7.38 All council properties were adequately insured, with the exception of one case where there was uncertainty about the ownership of a stand-alone kindergarten built on council land. In this case, the insurance policy purchased by the Council did not include a clause covering unspecified assets.

Utilisation

7.39 As indicated in Part 6 of this Report, most stand-alone kindergartens operate on a sessional basis with many catering for 2 or 3 groups of children with each allocated to certain hours over 3 or 4 days of the week. It was calculated during the audit that the facilities of the councils examined which are used as stand-alone kindergartens have utilisation levels of between 43 and 63 per cent, on the basis of a maximum usage of 8 hours per day, 5 days per week. It was concluded from these calculations that there is potential for the councils to make greater use of the facilities.

7.40 In relation to the policies and procedures in place for maximising utilisation, it was found that:

- Although one council was actively monitoring the utilisation levels of facilities used for children’s services, utilisation targets had not been established in this case;
- Two councils did not collect any information on the use of facilities or play a role in monitoring utilisation;
- One council had a policy of introducing flexible use of kindergarten facilities and had included in its in-house agreement the development of supplementary services to families in these facilities. Achievements in this area had not been reported; and
- While the remaining council had achieved a high rate of utilisation by extending the types of services provided in its kindergarten facilities, it had not established a policy in this regard and did not report on utilisation achievements.

Lease arrangements

7.41 Most of the councils examined did not have adequate lease agreements covering the use of council facilities by committees of management. Although sporadic attempts had been made by some of the councils to have leases signed, these had not been followed through. In other cases, leases either had not been drawn up, or covered some properties but not others. In these circumstances, the roles and responsibilities of each party to the arrangement in areas such as utilisation and maintenance had not been clearly defined.

Part 8

Planning



OVERVIEW

8.1 The Commonwealth Government plays a key role in planning for long day care centres at a national level. The Victorian Department of Human Services contributes to this process through its participation on the Commonwealth Planning Advisory Committee. To optimise the outcomes for Victoria from this participation, greater attention needs to be given by the Department to collecting and analysing more comprehensive data on the demand for and supply of long day care centres in Victoria. Clear objectives regarding the outcomes expected for Victoria from the planning process also need to be established.

8.2 In the area of preschool programs, there is a need for more clearly defined planning priorities to be established particularly in regard to the Department’s objective of expanding the types of preschool programs and rationalising the number of stand-alone kindergartens within the State.

8.3 It was evident during the audit that most planning at a local council level was limited to monitoring kindergarten enrolments and utilisation levels in council-managed long day care centres. Few councils had developed processes for regular data collection and analysis on a municipality-wide basis, with the aim of identifying and responding to community needs for children’s services.

8.4 Greater co-ordination of Commonwealth, State and local planning efforts are required. This should be directed at ensuring local knowledge of market issues and consumer needs is fed into the strategic planning process.

□ **RESPONSE** by Secretary, Department of Human Services

The Department is committed to improving planning processes and setting priorities and objectives to address priority needs of families, children and young people. In line with this approach the Department issued “The Redevelopment of Victoria’s Youth and Family Services - Strategic Directions” paper in December 1997. The paper outlines the future framework for Victoria’s youth and family services and will provide the basis for future strategic, business, purchasing and planning activities by all areas of the Department’s Youth and Family Services Division.

In addition, the recent organisational changes within the Department have ensured the clear delineation of roles and responsibilities for the central office and regions, particularly in the area of planning. Departmental regions have a dedicated planning function and are responsible for developing integrated regional plans.

STRATEGIC PLANNING FOR THE STATE'S NEEDS

Long day care centres and school age child care services

Commonwealth role

8.5 Planning for children's services at the State level is influenced by the Commonwealth Government's national funding and planning for long day care centres and school age child care services. Prior to June 1997, co-ordination of planning and funding in Victoria was undertaken within the context of the 1992-96 Commonwealth-State Child Care Agreement which involved the provision of capital and recurrent funding for these services.

8.6 As the Commonwealth no longer provides services with capital and operating funds, no further agreements of this nature have been entered into. However, the Commonwealth maintains a continuing funding role in the form of child care assistance to families using long day care centres. In order to control the growth and distribution of services across Australia, the Commonwealth has introduced an annual cap of 7 000 new places in 1998 and in 1999 which can be eligible for child care assistance.

8.7 Strategic planning relating to these new places occurs mainly at the Commonwealth level, through Commonwealth Planning Advisory Committees which meet in each State to advise the Commonwealth on priorities under the new funding framework. Each Committee's role is to assess the needs in its State or Territory and rank geographic areas in order of greatest priority. The Department participates in the Victorian Planning Advisory Committee.

State input to the planning process

8.8 It was found that the Department of Human Services has identified that it has planning responsibilities such as analysing Statewide information on the supply of and demand for services and contributing to national policy and planning. However, no specific objectives relating to planning for children's services within the State had been established. The actual strategic planning practices adopted by the Department were not considered to be adequate to enable the State's needs and interests to be effectively identified and addressed in that:

- Any desired State outcomes to be achieved through participation on the Planning Advisory Committee had not been defined;
- Prior to a departmental restructure in 1996, the division responsible for children's services had identified objectives related to providing services that met the needs of service users. Such objectives were not brought forward to the new organisational arrangements;
- While the Department conducted research into consumer views of child care and preschool services from 1990 to 1992, there has been no further research or analysis of service users and their needs, despite significant changes to funding in the interim; and



- Comments were sought by the Department from its regional offices regarding Commonwealth assessments of need. Although these assessments were made at the statistical local area level, generally equivalent to local government areas, there were no formal mechanisms to enable local government input to the planning processes, despite the significant role played by councils as providers of services and facilities, and in granting planning permits for new services.

8.9 The results of the Commonwealth planning process may involve the distribution of new funded places to existing services as the best method of addressing unmet need in particular localities. However, the quality of service provided by individual services had not been a consideration in the Victorian planning process and no data in relation to the quality of services had been made available in the planning process. It is considered that such information and the level of compliance with State regulations are important aspects to be considered when awarding additional places to service providers in a competitive market environment.

□ **RESPONSE** by Secretary, Department of Human Services

The Department is currently undertaking a review of services and, within this context, has produced a number of documents to support planning and purchasing. By way of example, the 1997-98 Youth and Family Services planning and purchasing priorities were outlined in the “Department of Human Services 1997-98 Departmental Plan”, the “Youth and Family Services Division 1997/98 Purchasing Framework” and the “Youth and Family Services Schedule to the 1997/98 Regional Service Agreements”.

Further, in line with the government policy, the Department has been reviewing the output specifications listing outputs and performance measures. This review has developed an expanded set of performance indicators for children’s services.

The Department agrees that quality and compliance are important aspects of service provision and audit has been advised that mechanisms have been established to meet this objective. The State and Commonwealth have agreed on mechanisms to exchange information on existing proprietors where new allocations are being made.

Analysis of supply and demand

8.10 Data on the supply, demand and trends in utilisation in the long day care centre market has not been collected and analysed by the Department. However, anecdotal evidence gathered during the audit indicated that there is strong competition among centres. This has been particularly the case since Commonwealth financial assistance was extended to families using privately operated long day care centres, resulting in a rapid increase in the number of these centres. With the cessation of Commonwealth operational funding for community-based centres, utilisation of these centres has decreased and some have closed. There are a number of issues relating to these changes which the Department needs to consider in terms of strategic planning, including:

- whether the market mechanism is effective in achieving high quality services conducive to addressing the needs of children;
- whether there is an oversupply of services in some localities;
- whether high demands in areas which would not be met through market mechanisms, due to low investment potential, are adequately addressed; and



- whether there are any specific strategies which need to be pursued in relation to supporting community-based long day care centres, given the significant changes to their funding and management.

□ **RESPONSE** by Secretary, Department of Human Services

Audit has failed to acknowledge that issues of supply and demand for long day care are not the prime responsibility of the State. The Department contributes to the role played by the Commonwealth in this area through active participation in the Commonwealth Planning Advisory Committee. The Department's provision of data on State-funded and registered services contributes to this planning process as required.

Preschool programs

8.11 No current written strategic planning priorities in relation to preschool programs have been developed by the Department. Since 1994, policies have related to expanding the types of locations in which preschool programs are delivered and rationalising the number of stand-alone kindergartens. With this in mind, preschool program funding has been made available to long day care centres since 1994 and in 1997 it was announced that State primary schools could apply to become preschool providers. Independent schools are also eligible to apply for preschool funding.

8.12 The Department's rationalisation policy included an objective of amalgamating existing committees of management so that one committee would manage more than one service. The Department saw a number of advantages in amalgamation, including:

- reducing duplication of administrative and financial tasks of committees;
- cutting costs and making better use of resources and funding;
- improving employment conditions and support for staff; and
- better meeting community needs for flexible services.

8.13 The Department indicated that a number of strategies had been implemented to achieve committee amalgamations. However, the Department had not undertaken any formal ongoing assessments of this policy or quantified the expected advantages.

PLANNING AT A LOCAL GOVERNMENT LEVEL

Role of local councils

8.14 Under the *Local Government Act 1989*, councils have responsibility for planning and developing children's services in their local area. Planning tasks should include identifying the needs of local communities, determining service levels and quality, and assessing customer satisfaction with services. Where the provision of children's services is reliant on resource allocations from the State and Commonwealth Governments, councils should also have an advocacy role on behalf of their local communities.



8.15 Most of the councils visited had not defined their role in planning for children’s services and were not playing an effective planning role within their local areas. Within the municipalities subject to audit which were identified as having higher than average numbers of families with 0-4 year olds, the councils did not have service planning goals and objectives specifically for young children and their families. Where planning did occur, the role had not been included in the performance management framework and there was no monitoring or assessment of the effectiveness of the planning undertaken.

8.16 Most planning was limited to monitoring kindergarten enrolments and utilisation levels in council-managed long day care centres. Few councils had developed processes for regular data collection and analysis on a municipality-wide basis aimed at identifying and responding to community needs for children’s services. Only one of the 5 councils audited had established an ongoing process for community consultation in relation to children’s services.

8.17 The ability of councils to plan for children’s services that meet the needs of local communities has been constrained by the loss of Commonwealth operating funding for long day care centres and the growth of privately operated centres. Access to information from private sector services is limited and councils reported that, for business reasons, private operators often declined to participate in council planning forums and information networks. However, as providers of child care services, most councils were at least informally aware of demand and supply issues in their municipalities, particularly if demand at council operated centres had dropped or fluctuated.

Service co-ordination

8.18 In most councils, policies and mechanisms addressing the co-ordination of long day care centres and stand-alone kindergarten services across the municipality were not in place. Service provision within municipalities was not generally monitored or assessed in relation to community needs.

8.19 In the councils that had contracted children’s services to in-house teams, policies in relation to service co-ordination had been developed. However, the ability of the councils to address the policies was constrained by a lack of information about service usage and demand and the adequacy of services provided in relation to community need.

Customer satisfaction

8.20 The councils audited had not adequately assessed whether the children’s services they provided met the needs of users. Customer surveys, required under compulsory competitive tendering arrangements, had not been consistently undertaken. In the other councils audited which had not subjected their services to competitive tendering, no arrangements were in place for determining customer satisfaction.



8.21 Unless contractual arrangements are carefully developed, there is a risk that the contracting of children’s services may reduce the flexibility available to councils to adjust to community needs. One council advised that keeping the contracted service in-house meant that the agreement could be easily varied to accommodate changes to services offered during the life of the agreement.

PLANNING AT A DEPARTMENTAL LEVEL

8.22 Planning and performance management within the Department of Human Services is undertaken at the corporate, divisional, branch, regional, program, team and individual employee levels. Analysis of the documentation produced from these processes indicated that the framework in place for children’s services was poor. The plans developed at the top 3 levels of the hierarchy revealed no clear reference to objectives or desired outcomes for the State’s role in children’s services. In addition, it was found that:

- The *Youth and Family Services Division's Purchasing Framework 1997-98* contained a number of operational outputs in relation to children's services such as the introduction of the new legislation, devolution of responsibilities to regions and development of Regional Service Agreements as well as total output targets for the State. However, it did not provide output targets for individual regions, provide meaningful performance indicators or link outputs to desired outcomes;
- Regional Service Agreements were developed in 1997-98 to formalise a purchaser/provider relationship between the Head Office program area and each of the Department’s regions. However, they were not supported by qualitative performance measures for children’s services and were not tied to specific outputs;
- A list of tasks and timelines for the Children’s Services Branch within the Youth and Family Services Division was prepared for the 6 months commencing July 1997. However, the list did not provide a link between the achievement of the tasks and the desired outcomes nor did it identify measurable performance indicators; and
- A 1997-98 Regional Business Plan was available in respect of only one region visited as part of the audit. The plan contained little specific reference to children's services and did not contain performance indicators specific to children's services activities in the region.

8.23 In summary, the current framework does not represent an effective accountability framework for the Department’s performance in administering its children’s services functions. It was also evident during the audit that the absence of clearly stated objectives and targets inhibited the effective management of some of the Department’s regulatory and funding activities.



□ **RESPONSE** by Secretary, Department of Human Services

The Department has undergone significant organisational change during, and since the period of the audit. This has included changes to procedures and methods of operation, particularly in the areas of purchasing and service provision. A major change to the planning process has involved the establishment of priority objectives throughout the organisation. These objectives have led to the development of service requirements to address priority needs areas, future delivery arrangements including maximising opportunities for outsourcing and contestability, and the establishment of arrangements consistent with new charter of program and regional responsibilities.

Audit's reference to the effectiveness of accountability frameworks is inaccurate in that these documents are designed to describe departmental directions and priorities and are not intended to define all activities. The Department accepts that further work is required in outlining children's services objectives and to this end has commenced reviewing output specifications and performance measures.

Appendix A

Quality assessment criteria



Quality assessment criteria	Evidenced by
Staff/child interactions	
<ul style="list-style-type: none"> • Staff should have frequent positive interactions with children. • Staff should show genuine respect, warmth and affection to children. • Staff should be actively involved with children. • Staff should create a comfortable atmosphere. • Staff should use positive reinforcement and positive redirection of children. • Staff should foster co-operative and pro-social behaviours. • Staff should react appropriately to verbal and non-verbal signals. • Staff should encourage children to verbalise their feelings and ideas. • Staff should have a warm and caring attitude to children. • There should be fixed and floating staff. 	<ul style="list-style-type: none"> • <i>There are regular positive interactions with all children in the group based on direct and indirect cues.</i> • <i>Trust and respect are evident in language, physical contact and interactions.</i> • <i>Staff appear to have sustained involvement with children which extends play, and responds to individual needs and interests.</i> • <i>Staff use body positioning, language and personal activity levels which maintain a relaxed atmosphere.</i> • <i>Staff respond frequently to children acknowledging achievements, effort, strengths and positive behaviours and offer satisfactory alternatives.</i> • <i>Staff are able to assist children's group living skills through encouraging co-operation, respect for others and problem solving.</i> • <i>Staff are aware of, and able to interpret and respond with insight to, the meaning invested by the child in verbal and non-verbal signals. If unsure, staff use sensitive questioning to encourage the child to clarify their meaning, if possible.</i> • <i>Staff consistently use a variety of language skills (including open and closed questioning, reflective listening) to encourage children to identify and verbalise feelings and ideas.</i> • <i>Staff display genuine interest and respect for children by listening, sitting at body level, making appropriate physical and eye contact. Children appear confident to approach staff with questions, concerns, requests and for physical contact or reassurance.</i> • <i>There is a balance maintained by staff of fixed (meaningful involvement in a single location with children, e.g. 10 minutes) and floating (meaningful involvement in multiple locations) interactions with all children.</i>



Quality assessment criteria	Evidenced by
Interactions with parents	
<ul style="list-style-type: none"> • Staff should be welcoming of parents and parent communications. • Staff should actively listen to parents and respond appropriately. • There should be exchange of information between a child's parents and the staff about the child's experiences in the centre. • Essential information should be visually provided to parents. • Daily written information on individual babies should be provided to parents. • There should be a process of orientation to the centre for children and parents. • Parents should be welcome to visit the centre at any time. • Sessions to discuss the child's progress should be held with parents. • Parents should be provided with access to their child's records. 	<ul style="list-style-type: none"> • Staff use parents' names when greeting and farewelling. There is evidence of eye contact and welcome portrayed in body language. • Staff use effective communication skills including reflective listening, and open and closed questioning. There is evidence that staff follow-up on exchanges with parents. • Parents and staff share information relevant to the child's day and wellbeing at pick-up and drop-off times. There is a process for information to be conveyed to the child's primary staff caregiver. • Visual information provided for parents covers aspects of the program, care of children and centre functioning. Confidentiality of information relating to individual children and families is maintained. Displayed information is clearly presented and aesthetically pleasing. • Information on individual babies is provided daily in written form by the primary staff caregiver, and covers important aspects of the baby's day. • The orientation process provides for the child's gradual entry to a new environment with a parent in attendance. There is opportunity for the child to establish a relationship with the primary caregiver. Parents are clear about who will be caring for their child and are given written and verbal information about centre policy, procedures and processes including complaints. Information gathered from parents meets all regulation requirements and provides relevant background to ensuring the continuation of a child's established routines. • Parents are able and encouraged to visit the centre at any time. • There is an established process enabling the confidential and regular exchange of information in relation to their child's progress. Parents are aware of, and access, this process. • There is an established process to enable parents to access the individual records of their child and to provide feedback to staff in response to these records. Staff incorporate feedback into ongoing planning for the child. Parents are aware of, and access, this process.



Quality assessment criteria	Evidenced by
Interactions with parents - continued	
<ul style="list-style-type: none"> • Parent and child information should be kept confidential. 	<ul style="list-style-type: none"> • All family records are kept in a locked filing cabinet in the centre's administration office. Computer programs have security access. Individual child records are kept in separate files and may only be accessed by staff members directly associated with and/or responsible for planning for the child or the child's family. General discussions of children and families do not identify individuals. Confidential information relevant to children and families is not discussed by staff except in a secure non-contact environment.
Staff-staff interactions	
<ul style="list-style-type: none"> • Staff in each room should work effectively as a team with shared responsibilities. • Staff should be respectful and supportive, and acknowledge each others actions and efforts. • Staff should be flexible in responding to various circumstances as they arise. 	<ul style="list-style-type: none"> • There is an effective balance in how responsibilities are shared. Staff are aware of, and efficiently fulfil, clearly defined roles, responsibilities and duties. Ongoing communication and consultation is evident between staff, and staff are "in tune" with team members' expectations, needs, interests and goals. • Staff are able to negotiate with each other and speak with respect. Team members display insight into each other's needs (e.g. offers of assistance, responding to requests, asking questions, listening). There is evidence of shared spoken and unspoken understandings between team members through fluid functioning of the program, support offered and questions used. • Staff are able to deal with changes and ensure continued effective program functioning when unexpected situations arise. Staff respond positively in fluid situations.
Indoor facilities	
<ul style="list-style-type: none"> • Children should have access to individual personal storage space. • There should be space provided for active and passive play areas. • Sound absorbent materials should be used to minimise noise. 	<ul style="list-style-type: none"> • An allocated space has been provided for personal items such as bags, clothes and special belongings, which is recognisable by the child. • The environment is structured in ways which define activity levels, providing for a balance of active and passive play. A safe area of soft and varied surfaces is provided for young children to explore. An area for children to actively explore their physical abilities is provided. • The use of sound absorbent materials in floors, walls and ceilings is evident.



Quality assessment criteria	Evidenced by
Outdoor facilities	
<ul style="list-style-type: none"> • The outdoor space used by children should include open and shaded areas, covered space, varied vegetation and separate areas of plants, dirt and grass. • There should be a variety of play surfaces. • There should be impact absorbent material under outdoor equipment. • Sandpits should be clean and fitted with appropriate covers. 	<ul style="list-style-type: none"> • <i>Planting of vegetation provides for shade, sunlight and filtered light. Alternative improvised shade is also provided if necessary, e.g. umbrellas or shade cloth. Children have access to a thoughtfully developed garden area that has a variety of plants that provide for sensory awareness and appreciation of the natural world. There is an open covered area, e.g. verandah, and sandpits have covers.</i> • <i>Several types of surfaces which reflect use of space, e.g. tanbark or similar impact absorbing material under climbing equipment, stepping stones, a dirt digging patch and grass areas. Children have access to taps and equipment such as ladders, planks, hills or rises, and "A" frames.</i> • <i>There is 25 cm/10 ins of impact absorbing material under outdoor climbing equipment.</i> • <i>Sand is raked, clean, not smelly, and covered (when not in use) in a way which prevents access by cats and vermin.</i>
Developmental programs	
<ul style="list-style-type: none"> • Written developmental records should be maintained for each child. • Records of children's development should form the basis of experiences and strategies incorporated in the program. • A program should be observable in each room. 	<ul style="list-style-type: none"> • <i>There are regular written records kept of each child's background, physical, emotional, social, language and intellectual development and progress. Records reflect the needs, interests and development of each child. Individual records are factual and show varied use of observation techniques. Analysis shows evidence of understanding of child development and the ability to identify related goals, experiences and strategies which reflect individual needs, interests and development.</i> • <i>There are evident links between child records and overall group program in choice of goals, strategies and experiences.</i> • <i>Programs are displayed and match the experiences and strategies occurring in each room. Variations to the program result from child and adult initiated extensions and modifications. These are noted at a later time.</i>



Quality assessment criteria	Evidenced by
Developmental programs - continued	
<ul style="list-style-type: none"> • A balanced range of indoor and outdoor play experiences should be available. • The developmental approach should incorporate: <ul style="list-style-type: none"> • individual and stage appropriate play experiences; • personal identity in relation to self and others, covering culture, diversity and gender equity; • child-directed and child-initiated play experiences; • problem solving; • opportunity for sustained effort and extension; and • opportunity for children to work in small groups. 	<ul style="list-style-type: none"> • <i>A balanced range of developmentally appropriate play experiences is provided including:</i> <ul style="list-style-type: none"> • <i>gross and fine motor skills development;</i> • <i>sensory perception;</i> • <i>art media;</i> • <i>language and literature;</i> • <i>music and movement;</i> • <i>maths and science concepts; and</i> • <i>creative, imaginative and dramatic play.</i> • <i>Play experiences and opportunities reflect the range of developmental ability within the group. Children are able to use play materials independently or with minimal adult intervention or instruction. The play environment has a rich variety of things to explore. Children are encouraged to exercise curiosity.</i> <i>Daily experiences emphasise and value cultural diversity (e.g. a range of posters, books, dolls from different countries and household items from other cultures are provided). Staff foster positive attitudes to cultural differences and the program fosters recognition and celebration of the differences between people in general.</i> <i>The program encourages equal participation of girls and boys and avoids sex role stereotypes (e.g. posters and stories that illustrate girls and boys in non-stereotypical roles; sexist attitudes are avoided in conversation with children).</i> <i>Open-ended materials are available that children can independently use according to their current level of skills, needs and interests. Children are encouraged to explore new ideas through play materials and equipment and possible outcomes in social interactions that lead to solving their own problems. Staff support this process and allow children to work at their own pace.</i> <i>The play environment is set up to minimise distractions. Children have solid blocks of uninterrupted time to use materials and explore ideas. Staff extend children's interests and skills by maximising opportunities for incidental learning.</i> <i>Staff provide opportunities for small group experiences and allow children to join or leave the group at will.</i>



Quality assessment criteria	Evidenced by
Developmental programs - continued	
<ul style="list-style-type: none"> • Opportunity should be provided for parent involvement and input to the program. • A range of curriculum areas should be represented. • There should be established good practice routines for mealtimes, nappy change/ toileting/hand washing, dressing and undressing, sleeping and going outdoors. • Programs should be evaluated and evaluations should be used in ongoing planning. • Additional resources should be used for children with special needs. • Equipment and facilities should enable a quality program to be delivered. 	<ul style="list-style-type: none"> • <i>There is real opportunity for parents to provide input into the program e.g. discussions about the child's interests, ideas for experiences, evaluation of the program. Parents are aware of, and able to access, this process.</i> • <i>While a developmental approach should be dominant in programs adopted for children aged 0-3 years, some representation of basic levels of curriculum devised experiences may be evident. For programs for children over 3 years of age, a range of curriculum devised experiences should be represented to extend the child's knowledge of curriculum content and to enhance the child's skill levels.</i> • <i>Respect for children is evident during routine transitions, children are able to be independent, hygiene is practised, transitions are relaxed, atmosphere is relaxed, conversation is social, routines provide for learning and self-help skills, care is taken to provide sunscreen, hats, coats etc. for going outdoors.</i> • <i>Evaluation of the program occurs throughout the planning cycle and is recorded to make adjustments to the program throughout the planning cycle and in future planning.</i> • <i>Access to additional resources is provided for children with additional needs, e.g. special equipment from toy library.</i> • <i>Presentation of equipment is inviting, interesting and aesthetically pleasing. Equipment is set up to ensure children are able to access, use and explore it safely. Thought is evident in the overall structure and flow of the room, e.g. ensuring quiet areas are not impacted upon by active areas, safety has been considered, meaningful adult interactions are possible. It is evident that equipment offered covers the range of child development levels, interests and skills.</i>
Health and hygiene: Nappy change	
<ul style="list-style-type: none"> • Nappy change instructions to staff/procedures to be followed should be visible. • Nappy change instructions should be adhered to. 	<ul style="list-style-type: none"> • <i>There are clearly identified written procedures for changing children, visible for staff and parents, which recognise health and safety considerations, e.g. disinfecting benches, not leaving children unattended, disposal of waste and hand washing.</i> • <i>All people changing children follow the process outlined with particular attention to preventing cross infection.</i>



Quality assessment criteria	Evidenced by
<p>Health and hygiene: Nappy change - continued</p>	
<ul style="list-style-type: none"> • Change bench should be disinfected after each nappy change. • Change benches should be safe for babies and children. • Steps to change bench should be provided for older children. • Suitable practices should be adopted for cleaning babies. • After changing nappies, staff should promptly wash their hands. • Dirty nappies should be stored safely. • Disposable nappies should be disposed of safely. 	<ul style="list-style-type: none"> • <i>Hot water and soap is used to disinfect the change bench, or disposable paper sheets are used with disinfecting procedures between sheets. If bleach is used, 2 change tops are provided to allow for air drying between each disinfection.</i> • <i>Children are not left unattended on benches. There are no perforations in the bench mat surfaces. Children cannot access disinfectants, hot water etc.</i> • <i>Steps are stored away when not in use and are used as an occupational health and safety measure by staff when changing children.</i> • <i>The child is always cleaned with water or alternative when changed.</i> • <i>Staff always wash hands that contacted the child or the nappy before handling anything else.</i> • <i>Nappies are stored in airtight containers that are not accessible to children.</i> • <i>There is a process that meets the regulations of the local government area for disposing of disposable nappies. Children are unable to access disposed nappies.</i>
<p>Health and hygiene: Hand washing</p>	
<ul style="list-style-type: none"> • Staff should observe appropriate hand washing procedures. • Gloves should be appropriately used to prevent cross infection. • Hand drying towels should not be shared by staff or by children. 	<ul style="list-style-type: none"> • <i>Staff wash hands for a minimum of 20 seconds before and after handling nappy change, blowing noses, handling food etc.</i> • <i>Staff use gloves to ensure that any cuts etc. are not exposed to cross infection. Gloves used when changing nappies are single use. Gloves are used when handling food.</i> • <i>Single use hand towels, single person hand towels or air drying is provided for each staff member or child.</i>
<p>Food and hygiene</p>	
<ul style="list-style-type: none"> • Food brought from home should be labelled and stored in the refrigerator. • Infants' bottles should be labelled and stored in the refrigerator. 	<ul style="list-style-type: none"> • <i>Food has child's name and is identified by a date. Uneaten food is disposed of or sent home. Food is refrigerated until ready to be eaten or heated and immediately eaten.</i> • <i>Bottles have children's names and are dated. Unused portions are disposed of or sent home. Bottles are refrigerated until ready to be drunk, or heated and immediately drunk.</i>



Quality assessment criteria	Evidenced by
Food and hygiene - continued	
<ul style="list-style-type: none"> • Centres should have adequate refrigerators. • Dishwashing procedures should be adequate. • Food should be served hygienically. • Staff preparing meals should have completed the Food Handlers' Course. They wear protective clothing. 	<ul style="list-style-type: none"> • <i>There are refrigerators in the kitchen and any children's room (securely positioned) sufficient to provide storage for all food and bottles.</i> • <i>A dishwasher is used for all dishes. If there is no dishwasher, hot water is used, changed frequently and dishes are air dried and covered. Clean tea towels are used.</i> • <i>Food is served with clean utensils, minimum handling and at appropriate temperatures.</i> • <i>Staff have completed the course. Gloves, hair covering, clean aprons are used.</i>
General hygiene	
<ul style="list-style-type: none"> • Toys (including dress-ups etc.) should be regularly disinfected. • Personal items such as combs, toothbrushes etc. should be for individual use only and stored appropriately. • Children's bedding should be individually stored. • Children's pots should be cleaned after each use. • Children's toilets should be cleaned regularly. • Children should not have access to indoor rubbish. 	<ul style="list-style-type: none"> • <i>Toys and equipment are disinfected and cleaned daily or as necessary, depending on the type of item and age of the children (e.g. as necessary during the day in the babies room and, for older children, weekly in the case of puzzles and chairs, or each term in the case of items such as easels).</i> • <i>Toothbrushes etc. are not used unsupervised and are accessible under supervision. They are clearly named, identified, stored covered and/ or disinfected regularly.</i> • <i>Bedding is stored, labelled and identified separately, including mattresses (disinfected before use/after use; or separately stored by divider, i.e. not in contact with other mattresses), sheets and blankets (washed regularly and between children).</i> • <i>Pots are disinfected and cleaned between children with hot water and soap, or bleach solution, and allowed to air dry. Pots are used under supervision.</i> • <i>Children's toilets are disinfected and cleaned regularly with hot water and soap, or bleach solution, and allowed to air dry.</i> • <i>Indoor rubbish bins have close fitting lids and are emptied regularly.</i>



Quality assessment criteria	Evidenced by
Immunisation	
<ul style="list-style-type: none"> • Centres should have immunisation policies for children and staff. 	<ul style="list-style-type: none"> • <i>Full records of child immunisation are held. Children who are unimmunised are able to be quickly identified should communicable disease outbreak occur. Staff are encouraged to be immunised against communicable diseases. Staff are quickly advised of communicable disease outbreak for their own protection. Staff always use safe hygiene and handling practices to prevent communication of diseases.</i>
Safety	
<ul style="list-style-type: none"> • Gates should be childproof. • Internal doors should be childsafe. • External doors should be childproof. • Child care areas should be protected from unsupervised or unauthorised entry. • Fences should be unclimbable. • The drop-off zone should be family-friendly and safe. • Adult size toilets should have child size fittings if necessary. • Laundries should be inaccessible to children. • Children should not be able to access the kitchen. • Heater guards should be in place. • Storage areas should be secure and vermin proof. • Fire drill should be displayed and practised. • There should be procedures for evacuating children, toddlers and infants. 	<ul style="list-style-type: none"> • <i>Handles are located at a height to be accessible to adults, but inaccessible to children. Gates operate effectively.</i> • <i>Internal doors have windows, plastic door jam protectors.</i> • <i>External door handles are located at adult height.</i> • <i>Entries have security access coded locks, door lock buzzer and are visible from office and child care areas.</i> • <i>Fences are of a height and of construction to prevent children from being able to climb.</i> • <i>There is a designated safe place for parking and entry/exit to the centre which minimises exposure for children and adults to hazards such as passing traffic.</i> • <i>There are toilet seat inserts and steps.</i> • <i>The laundry is separate and in a child free area. Door prevents children's access.</i> • <i>Door prevents children's access.</i> • <i>Heater guards are in place and are made of non-heat conducting material and prevent children from touching heater.</i> • <i>Stores are kept in secure, clean cupboards in closed containers.</i> • <i>A fire drill is clearly described, concise and on display. Staff can verbally identify their role in an emergency evacuation. The drill has been practised in the last 8 weeks or since a new staff member has arrived.</i> • <i>Procedures recognise the varied skill levels of children and take account of extra assistance needed for non-mobile, non-English speaking and additional needs children.</i>



Quality assessment criteria	Evidenced by
Safety - continued	
<ul style="list-style-type: none"> • There should be fire extinguishers and/or sprinklers installed. • All staff should be able to use fire extinguishers. • Smoke alarms should be installed. • Infants should not be given bottles in bed. • Emergency lighting should exist. • Staff should possess first aid qualifications. • Staff should be appropriately dressed. • Safety glass should be used, or glass areas should be protected. • Cots and bedding should be safe. • Babies should be slept on their backs. • Bouncinettes should be used under supervision. 	<ul style="list-style-type: none"> • <i>These are visible and accessible and are regularly checked.</i> • <i>There is training for staff on how to use extinguishers. Staff are able to describe how to use an extinguisher.</i> • <i>Smoke alarms are fitted and tested regularly.</i> • <i>Infants are not given bottles in bed.</i> • <i>Emergency lighting is activated in the event of power failure and is regularly tested. Safety lighting should be auxiliary lighting. A torch is not adequate.</i> • <i>There is always a staff member on duty with current level one or 2 workplace first aid qualifications or similar first aid training (e.g. under eights, emergency care, or paediatric first aid). Staff are able to identify who on duty has this qualification.</i> • <i>Staff are wearing shoes which enable quick movement and are dressed in clean clothing which enables easy movement and access to children.</i> • <i>Large areas of glass at child level are protected.</i> • <i>Cots do not allow children to fall between mattress and base, sides are secure, children cannot get between rails, castors are lockable, plastic covers are purpose made and secure, there are no bumpers.</i> • <i>Babies are put to sleep on their backs.</i> • <i>Bouncinette use is supervised.</i>
Staffing	
<ul style="list-style-type: none"> • Staff should hold appropriate qualifications. • Qualified staff should be on duty in the prescribed ratios during core hours. • Group size should be commensurate with the number of qualified and unqualified staff. • Staff/child ratios should be appropriate to the age of the children and the size of the group. 	<ul style="list-style-type: none"> • <i>Staff qualifications comply with the Regulations; qualified staff have specific early childhood qualifications. Each staff member has undertaken one employment-related in-service in the past 12 months.</i> • <i>Required ratios of staff, as prescribed in the Regulations, are on duty during core hours i.e. 75 per cent of opening hours.</i> • <i>Number of qualified and unqualified staff meets minimum regulation requirements.</i> • <i>Staff/child ratios maintain direct contact staff with children at no less than the minimum regulation staffing level at all times of the service opening.</i>



Quality assessment criteria	Evidenced by
Centre environment	
<ul style="list-style-type: none"> • The centre should be: <ul style="list-style-type: none"> • clean; • ordered and tidy; • light and airy; • comfortably aired/warmed/cooled; • attractive/aesthetically pleasing/ stimulating; and • spacious and not cramped. • Sufficient equipment should be provided for the number of children cared for. • Rooms should be appropriately set up and displays should be changed regularly. • Equipment should be clean and well maintained. • The physical environment should allow for children to be easily observed at all times. • Children should be able to sleep in a quiet space. • Infants should be fed in a calm environment while being held. Mealtimes should be pleasant social experiences. • Children should be able to choose to feed independently. • Children should have access to, and choice of, age-appropriate food. • Children should be given enough food to eat. • Children should be able to cluster around an adult in a soft and comfortable setting. 	<ul style="list-style-type: none"> • <i>Floors, walls windows etc. appear clean without long-term or residual dirt, dust etc. Noticeboards, storerooms, staff, office and play areas appear uncluttered and tidy. There is a logical order to materials and displays. Natural light is used and is supplemented on dull days. Space is suggested in rooms and entrance areas. Airflow and ventilation is comfortable. Temperature is comfortable and not in too great a contrast to the weather. The environment is visually pleasing, shows attention to detail and uses colour and light to effect. The building design provides a sense of space without clutter.</i> • <i>For each experience or activity, there is sufficient equipment for the children who are involved or in attendance.</i> • <i>The room is set up and displays altered in line with a planning cycle and reset, added to or extended daily or as necessary within the day to maintain inviting attractiveness, and ensuring relevance to the interests of the children.</i> • <i>There is evidence of clean and working equipment which is safe and attractive. Equipment is cleaned daily or as necessary within a day. Unsafe or broken equipment is stored away from children and clearly identified as unsafe.</i> • <i>An adult is able to view all children unobtrusively while actively and meaningfully involved with individuals and small groups.</i> • <i>A consistent personal space is provided for each child to sleep which is quiet and undisturbed by other activity in the room.</i> • <i>Adults ensure all young infants are held while being fed. Mealtimes are relaxed and social with low voices and pleasant exchanges.</i> • <i>Children who wish to feed independently are given opportunities to do so and are able to take their own time.</i> • <i>A range of food is made available to each child. Recognition is given to the cultures, likes and dislikes, and nutritional needs of each child.</i> • <i>Each child is able to eat an amount which reflects her/his appetite in her/his own time.</i> • <i>A cushioned area big enough to accommodate 4-6 children and an adult is provided.</i>



Quality assessment criteria	Evidenced by
Centre environment - continued	
<ul style="list-style-type: none"> • The layout of the centre should identify clear pathways and defined play spaces. 	<ul style="list-style-type: none"> • <i>There is evidence of traffic flow pathways to bathrooms, between play areas and to exits which ensure limited impact by movement of children. Play spaces are defined in a number of different ways, e.g. using variations in floor coverings or partitions of some kind. There is an appropriate space size for each play experience.</i>
Human resource management: Policies	
<ul style="list-style-type: none"> • There should be a job description for each position. • There should be information available to staff on centre policies, such as a staff policy handbook or equivalent. • There should be an orientation program for new staff. • All staff should participate in a system of staff appraisal. • There should be a professional development policy. • There should be a complaints handling mechanism. • There should be an occupational health and safety policy. 	<ul style="list-style-type: none"> • <i>Position descriptions are available in writing and give clear information about roles, responsibilities and duties of position. Conditions of employment and accountability are specified.</i> • <i>Staff policies are written and provide detail on essential policy areas including occupational health and safety, grievance procedures, emergency procedures, accountability etc.</i> • <i>There is a written orientation process which provides for an overview and introduction to centre policy, processes and handover of practical knowledge. A review period is identified and key advisers for further information are specified e.g. occupational health and safety officer and program co-ordinator.</i> • <i>Staff appraisals are held annually and reviewed regularly (e.g. half-yearly). Two-way positive feed back on staff performance is provided and linked to position descriptions, roles, duties and responsibilities. Appraisal provides identification of goals, career paths, professional development opportunities, additional resources and materials which may support childrens' programs. These are included in ongoing employment plans.</i> • <i>There is a written professional development policy which is understood by all staff. The policy is clear, equitable and enables staff to access skill enhancement linked to professional goals.</i> • <i>There is a written formal procedure for handling complaints which is understood by all staff and provides access to fair and equitable dispute resolution.</i> • <i>There is a written occupational health and safety policy which is clear and understood by all staff. Staff know who is the nominated occupational health and safety officer.</i>



Quality assessment criteria	Evidenced by
<p>Human resource management: Administrative environment</p>	
<ul style="list-style-type: none"> • There should be adequate channels of communication between staff and management, enabling staff to raise and discuss issues in relation to their duties and responsibilities. • Staff should be involved in decisions affecting the standard of care provided to children in their room. • Staff should have autonomy within their room, reflecting the requirements of their roles and responsibilities. • Staff should be provided with adequate amenities during non-child contact breaks. 	<ul style="list-style-type: none"> • <i>Staff meetings are held regularly and cover working arrangements, discussion of individual children, centre philosophy, policies and procedures, issues raised by staff and management, and parent and community activities. All staff can identify topics of concern. Issues not covered by staff meetings or which require resolution prior to the next meeting are addressed through an alternative method of communication.</i> • <i>Staff are consulted in the purchase of, or are able to request, equipment and improvements.</i> • <i>Staff are afforded autonomy as defined in their position descriptions to make decisions within their room.</i> • <i>Staff have access to amenities which provide a comfortable, aesthetically pleasing environment for non-child contact breaks. Secure storage for personal items is available.</i>

Appendix B

Sampling methodology

The sampling methodology used for the quality assessments undertaken as part of the audit was one of assessing minimum standards, i.e. investigating the rate of non-compliance against a range of criteria, with the expectation that no instances of non-compliance should be observed. A random sample of 45 services was taken from each of the 3 service types, i.e. 45 of the 204 registered community-based long day care centres, 45 of the 291 registered private sector long day care centres receiving funding to provide a preschool program and 45 of the 1 240 registered stand-alone kindergartens. An equal sample size for each service type was computed to be statistically a sufficiently large sample from each population to detect any instances of non-compliance if they were occurring.

The results of the assessments revealed that not only was non-compliance with the criteria evident in the samples, in some cases the non-compliance was substantial. In view of the results, statistical inference was undertaken in order to estimate the extent of non-compliance across the State that is indicated by the sample data.

The percentages obtained from the 3 random samples can be used to estimate the corresponding percentages of non-compliance in the entire population for each service type in Victoria. To assist in arriving at such estimates, 95 per cent confidence intervals have been computed for an illustrative range of sample percentages of non-compliance from 0 to 60 per cent, for each service type. These intervals define the upper and lower limits for corresponding Statewide percentages of non-compliance, at a 95 per cent level of probability. The results of the computations are provided in Tables APP.B.1, APP.B.2 and APP.B.3.

**TABLE APP.B.1
COMMUNITY-BASED LONG DAY CARE CENTRES,
AT 95 PER CENT CONFIDENCE LEVELS**

<i>Sample results</i>	<i>Proportion of services not meeting the criteria (%)</i>												
	0	5	10	15	20	25	30	35	40	45	50	55	60
State inference - lower bound	0.0	0.0	2.2	5.7	9.6	13.7	18.0	22.6	27.2	32.0	37.0	42.0	47.2
upper bound	0.0	10.7	17.8	24.3	30.4	36.3	42.0	47.4	52.8	58.0	63.0	68.0	72.8

**TABLE APP.B.2
PRIVATE SECTOR LONG DAY CARE CENTRES
AT 95 PER CENT CONFIDENCE LEVELS**

<i>Sample results</i>	<i>Proportion of services not meeting the criteria (%)</i>												
	0	5	10	15	20	25	30	35	40	45	50	55	60
State inference - lower bound	0.0	0.0	1.8	5.3	9.1	13.2	17.5	22.0	26.7	31.5	36.4	41.5	46.7
upper bound	0.0	10.9	18.2	24.7	30.9	36.8	42.5	48.0	53.3	58.5	63.6	68.5	73.3



**TABLE APP.B.3
STAND-ALONE KINDERGARTENS
AT 95 PER CENT CONFIDENCE LEVELS**

<i>Sample results</i>	<i>Proportion of services not meeting the criteria (%)</i>												
	<i>0</i>	<i>5</i>	<i>10</i>	<i>15</i>	<i>20</i>	<i>25</i>	<i>30</i>	<i>35</i>	<i>40</i>	<i>45</i>	<i>50</i>	<i>55</i>	<i>60</i>
State inference -													
lower bound	0.0	0.0	1.3	4.7	8.4	12.5	16.7	21.2	25.8	30.6	35.5	40.6	45.8
upper bound	0.0	11.0	18.7	25.3	31.6	37.5	43.3	48.8	54.2	59.4	64.5	69.4	74.2

To illustrate how the tables can be used to infer total population percentages from the sample percentages, consider a 35 per cent level of non-compliance with a given criterion within the sample of community-based long day care centres. By reference to Table APP.B.1, it can be inferred that, with 95 per cent probability, the incidence of non-compliance with the criterion in the total population of 204 community-based long day care centres, can be assumed to lie between a range of 22.6 per cent and 47.4 per cent. If the same rate of non-compliance, i.e. 35 per cent, was observed in the sample of 45 private sector long day care centres, the inference drawn for the State population of 291 private sector long day care centres would be similar (22 per cent to 48 per cent) based on Table APP.B.2. However, for stand-alone kindergartens, a sample percentage of 35 per cent would correspond to a percentage for the whole population in the range 21.2 per cent to 48.8 per cent, using Table APP.B.3. The lower level of precision in this case is because of the relatively smaller size, proportionally, of the sample relative to the population size for this service type.

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