



# Early Childhood Development Services: Access and Quality





VICTORIA

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Victorian  
Auditor-General

# Early Childhood Development Services: Access and Quality

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The Hon. Bruce Atkinson MLC  
President  
Legislative Council  
Parliament House  
Melbourne

The Hon. Ken Smith MP  
Speaker  
Legislative Assembly  
Parliament House  
Melbourne

Dear Presiding Officers

Under the provisions of section 16AB of the *Audit Act 1994*, I transmit my performance report on *Early Childhood Development Services: Access and Quality*.

Yours faithfully



D D R PEARSON  
*Auditor-General*

25 May 2011



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# Audit summary

Good quality early childhood programs not only promote a young child's health, learning and skill development, but also positively influence their longer-term health, educational and social outcomes. This is particularly so for vulnerable and disadvantaged children.

The Department of Education and Early Childhood Development (DEECD) is accountable for planning and providing early childhood services. They include universal kindergarten and maternal and child health services for all young children and their families, and early start kindergarten and enhanced maternal and child health services for vulnerable and disadvantaged children and families. Participation in these services is voluntary.

DEECD partners with local government to plan and provide early childhood services. It funds about 1 400 organisations, including local councils and community and private organisations to deliver these through service agreements. In 2010–11 DEECD budgeted \$405 million for early childhood services.

DEECD needs a sound understanding of demand for services so it can effectively plan for all young children and families to access and participate in them. DEECD also needs to set appropriate standards for providers, and to monitor their compliance with these standards in order to assess whether the services are of a consistently high quality.

This audit examined whether access to early childhood services has improved and if services are meeting the required standards. It assessed whether:

- early childhood services are accessible when and where needed
- DEECD understands and effectively manages demand for early childhood services
- high-quality services are provided that support achievement of program objectives.

## Conclusion

Access to universal maternal and child health and kindergarten services, and services for vulnerable children has improved over the five years to 2010 as shown by increasing participation rates.

While this is positive, DEECD cannot demonstrate that early childhood services are accessible when and where needed, especially for vulnerable children and families. The department's inability to reliably identify all vulnerable children and families means it does not know the extent to which children are missing out on the benefits of attending targeted services specifically developed and funded to meet their needs.

DEECD also does not sufficiently understand or effectively manage demand for early childhood services. It needs to better identify which children and families do not use its services, and why, and then act to remove barriers to participation.

Further, until DEECD oversees service quality more rigorously, it cannot be reliably assured that services provided are of high quality.

Because local governments also have statutory responsibility to plan and provide services for the local community, which include maternal and child health and kindergarten services, there is a risk that ambiguity of roles can result in a lack of clear accountability for performance. DEECD has not actively managed this risk and needs to take a stronger leadership role in this regard, and in its partnership with local government.

## Findings

### Access to and participation in services

The use of maternal and child health and kindergarten services has improved, including for vulnerable children and families.

Despite the increase in maternal and child health participation rates, attendance at the ten health and developmental checks progressively declines after the first check. This pattern of progressive decline in the take-up of health and developmental checks from the universal maternal and child health service has not improved and remains consistent with 2005–06. A similar trend also occurred over the five years to 2005. DEECD has not worked systematically and in partnership with service providers to find the reasons for this fall despite the trend occurring for the past decade.

These checks play an important role in the early detection and treatment of health and developmental problems. However, checks must be timely as any delay in detection increases the likelihood that children remain vulnerable and at risk throughout the health and education system. Ultimately this results in a greater cost to the community and government.

While the current 95 per cent kindergarten participation rate meets the nationally agreed target for universal access, DEECD has not established who the non-participants are and, most importantly, whether they include the children and families most in need of the service.

### Addressing barriers to access and participation

DEECD does not have an adequate understanding of what delays and barriers eligible children and families experience in accessing its early childhood services. This limits its ability to develop targeted strategies to remove the barriers.

In the last few years DEECD has reacted to the issue by primarily funding one-off projects rather than working purposefully and in partnership with service providers to address barriers identified during ongoing service planning and monitoring. Given that most of these projects are yet to be finalised, it is too early to assess their effect.

## Service planning and delivery responsibilities

While DEECD is ultimately accountable for achieving the policy objectives, it regards the levels of responsibility and accountability for service planning and achievement of program outcomes to be complex and ambiguous.

DEECD and the Municipal Association of Victoria, representing local government, have made an explicit commitment to work collaboratively as partners in planning and delivering early childhood services, but the partnership is not working as effectively as it could be. The department has advised that a formal evaluation is scheduled for August 2011 to investigate opportunities to enhance the Partnership Agreement's effectiveness.

DEECD has adopted a limited role in planning. It believes local government has the main responsibility for knowing and meeting the needs of young children and families within their own municipalities, including resourcing services appropriately. It relies on local government to determine service demand but does not seek assurance on the quality and consistency of the planning.

Although DEECD has funded the Municipal Association of Victoria to develop a planning framework to improve councils' early years plans, it has not evaluated its success.

## Understanding and managing service demand

Local governments collect information and data on children and families that could better inform DEECD's understanding of demand, yet DEECD does not use it.

DEECD does not know why all eligible children and families do not use universal kindergarten and maternal and child health services, because it cannot identify them.

While DEECD has information on the number of vulnerable children and families that use the targeted services, variable service referral processes, inconsistent data collection methods, unreliable data on population projections, and the department's narrow definition of vulnerability means that DEECD is not in a position to know whether the information it has accurately reflects real demand.

Consequently, DEECD does not know whether it is reaching all vulnerable children and families, and it does not know the reasons why or extent to which children and families experience delays or difficulties accessing early childhood services.

DEECD needs to regularly assess its understanding of service demand and take appropriate action to address identified gaps. Without a complete understanding of service demand, DEECD cannot know if participation rates are as good as they can be, and that in turn children and families are benefiting from services as it intends for them.

## Monitoring service quality

DEECD assesses the quality of its early childhood services in three ways. It monitors that service providers are complying with regulations, program standards and their service agreements.

Each of these is an important but different aspect of service quality. DEECD could strengthen its evaluation of service quality by better integrating its processes for monitoring compliance with all three.

## Legislative and regulatory requirements

Children's services legislation focuses on the physical safety of children at kindergarten. Kindergartens must comply with legislative and regulatory requirements to gain and keep their licences.

DEECD uses a Monitoring and Compliance Framework to assess kindergarten compliance. Although the framework is used effectively, providers varied in the quality of the documentation showing how they had remedied identified areas of non-compliance.

## Program standards

Program standards set a baseline for good performance. DEECD has recently revised the standards for maternal and child health services. DEECD encourages providers to use the program standards to self-assess their services as part of their annual service review.

DEECD has developed service improvement plans to help providers identify areas to improve then to implement and evaluate them. While the service improvement plans provide a sound framework to support improvement in service quality, providers vary in how well they use them.

DEECD has not developed or put in place statewide program standards for kindergartens. Since 2008, it has been collaborating on the development of national quality program standards for kindergartens. These will not be introduced until January 2012.

DEECD requires kindergartens to regularly evaluate the quality of their own programs. These evaluations are not based on a standardised assessment and DEECD does not review the results to see if they will actually improve service quality. Kindergartens are also required to survey parents on their satisfaction with the program. DEECD only receives the overall satisfaction rating by parents. It does not ask for responses to questions about potential barriers to participation or areas for improvement. Nor does it use the survey to help form a regional and statewide view about the quality of kindergarten programs.

### Service agreements

The service agreements between DEECD and service providers clearly set out the relevant legislation, program objectives, service delivery standards, funding responsibilities, performance measures and reporting requirements.

The performance measures and targets, however, are limited to numbers of children and families using early childhood services. DEECD could include performance measures or targets for service quality to hold providers accountable. It would also help improve service quality if DEECD were to link the agreements with service improvement plans.

DEECD uses a statewide Monitoring Framework to assess how well kindergarten and maternal and child health service providers comply with their service agreements. If DEECD were to collate its ongoing monitoring results it would gain a comprehensive picture of provider performance at any point in time. DEECD monitors only 3 per cent of providers annually against operational risks, a significant gap in its awareness of performance against service agreements.

## Recommendations

Number	Recommendation	Page
1.	That the Department of Education and Early Childhood Development exercise more purposeful oversight of the quality and consistency of council planning.	22
2.	That the Department of Education and Early Childhood Development develop a better understanding of service demand, particularly for the vulnerable and disadvantaged by: <ul style="list-style-type: none"> <li>• reviewing its definition of vulnerability to guard against children and families 'slipping through the net'</li> <li>• working in partnership with service providers to identify and act to remove barriers to access and participation, especially for the vulnerable and disadvantaged</li> <li>• working in partnership with service providers to identify and act to mitigate the reasons for the fall in attendance at maternal and child health checks after the first visit.</li> </ul>	22

## Recommendations – continued

Number	Recommendation	Page
3.	<p>That the Department of Education and Early Childhood Development strengthen its monitoring of service quality by:</p> <ul style="list-style-type: none"> <li>• better integrating its processes for assessing provider compliance with regulations, program standards and service agreements</li> <li>• including performance measures and targets for service quality in its service agreements with providers</li> <li>• reviewing the results of self-assessments by kindergarten service providers to inform decisions on improving service quality</li> <li>• assessing provider compliance with the revised maternal and child health program standards, and the new kindergarten program standards when introduced.</li> </ul>	31

## Submissions and comments received

In addition to progressive engagement during the course of the audit, in accordance with section 16(3) of the *Audit Act 1994* a copy of this report was provided to the Department of Education and Early Childhood Development with a request for submissions or comments.

Agency views have been considered in reaching our audit conclusions and are represented to the extent relevant and warranted in preparing this report. Their full section 16(3) submissions and comments, however, are included in Appendix A.

# 1 Background

## 1.1 Introduction

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The first five years of a child's life shapes their future health, learning and social development. Checking children's health and development during their first five years can help identify and treat potential problems early. In addition, participation in good quality early childhood programs can improve a child's emotional wellbeing and positively influence longer-term health, educational and social outcomes, particularly so for vulnerable and disadvantaged children.

The *Blueprint for Education and Early Childhood Development* (2008) committed to providing all children with the best start in life, achieving optimal health, development and wellbeing, and in particular, to improving outcomes for disadvantaged children.

In 2007 the Department of Education and Early Childhood Development (DEECD) became responsible for the learning, health and the development of children and young people.

Funding for early childhood services in 2009–10 and 2010–11 was \$374 million and \$405 million respectively. DEECD pays local councils and community sector organisations through service agreements, which set out the requirements for funding, delivery, and monitoring of early childhood services. DEECD has service agreements with about 1 400 organisations.

## 1.2 Early childhood services

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Early childhood services include:

- maternal and child health
- kindergarten
- child care
- early childhood intervention services
- aboriginal early years services
- best start
- supported playgroups and parent groups
- primary school nursing.

This audit focused on maternal and child health services and kindergarten programs.

## 1.2.1 Maternal and child health

Maternal and child health is a locally-based universal service available to all families with children aged 0–6 years. Families with children from birth to three and a half years are eligible for ten free health and development checks from a qualified maternal and child health nurse. The first seven checks are in the child's first 12 months. For the first contact the nurse visits a family at their home. After that, the family usually visits the maternal and child health centre or some other centre in the community.

The service features:

- child health monitoring and maternal health and wellbeing
- early identification, intervention and referral for health concerns, health promotion and education
- parenting support.

Local councils provide this service, with DEECD and local government each funding 50 per cent of the cost. In 2009–10 DEECD's contribution was \$28.1 million.

There were 606 824 visits to maternal and child health centres in 2009–10 (590 000 in 2008–09).

### Enhanced maternal and child health service

The enhanced maternal and child health service focuses on children and families at risk of poor health and wellbeing, particularly where there are multiple risk factors. Offered in addition to the universal maternal and child health service, it provides more intensive support.

Families are referred to the service, typically by a maternal and child health nurse, but also by general practitioners, friends or through self referral. To be eligible, the family must be assessed as vulnerable by a maternal and child health nurse. Family vulnerability is defined by one or more risk factors including drug and alcohol abuse, violence, homelessness, mental health issues, low income and social isolation.

Services are tailored to each family and may include nurses advising parents on the particular needs of their child, referring children to specialist services such as speech therapy, or helping parents access respite care. The enhanced maternal and child health service may provide support in a variety of settings including the family home, the maternal and child health centre or other locations in the local community.

Fully funded by DEECD, the service cost \$8.7 million in 2009–10 for around 7 000 families.

## 1.2.2 Kindergarten

Kindergarten programs are locally-based universal services for children in the year before they start attending school. They are aimed at helping children develop their social, emotional, motor, cognitive, language and creative skills before attending school.



Kindergarten programs may run in stand-alone centres, integrated centres or in long day care centres. Currently 63 per cent of kindergarten programs are run by community sector organisations in stand-alone centres, with the remainder provided by local councils, which own 95 per cent of kindergarten premises, and private sector operators.

The government contributes towards the cost of four-year-old kindergarten programs, but the program for three-year-olds is user-pays. DEECD considers children from families with a concession card, such as a health care card, or who have triplets or quadruplets starting at the same time to be financially disadvantaged and eligible for a kindergarten fee subsidy.

In 2009–10 DEECD paid \$210.8 million for children to participate in kindergarten. In 2009, 62 365 children attended kindergarten in the year prior to school and in 2010 66 651 children attended.

### Early Start Kindergarten

The Early Start Kindergarten program is aimed at encouraging Aboriginal and Torres Strait Islander children and children known to the Department of Human Services' Child Protection unit to attend three-year-old kindergarten. DEECD has identified these children as vulnerable due to their risk of not being able to thrive, learn, and enjoy a productive, rewarding and fulfilling life.

DEECD fully funds the program. In 2009–10, Early Start Kindergarten cost \$920 000, with 272 children attending in 2009, and 463 in 2010.

## 1.3 Legislation and policy

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### 1.3.1 Legislation

DEECD licenses and regulates early childhood education and care services under the *Children's Services Act 1996* and *Children's Services Regulations 2009* (the Regulations). DEECD grants the original licence and must check whether the service centre continues to operate in compliance with the Regulations. From 2012 services such as kindergartens and long day care will be subject to the Council of Australian Government's National Quality Framework and new National Quality Standards.

Under the *Child Wellbeing and Safety Act 2005*, maternal and child health providers must be notified of all birth notifications by the relevant local council. DEECD introduced revised program standards for the maternal and child health services in October 2009 to replace those developed in 1995. The new standards are expected to provide parents with the same quality of service from each service provider.

Under the *Local Government Act 1989*, councils are required to provide their communities with access to good quality services and to meet their health and wellbeing needs, including those of families with young children.

### 1.3.2 Policy

In 2008 DEECD released the *Blueprint for Education and Early Childhood Development* and in 2009 the policy statement *Growing, Learning and Thriving*. Both documents detail the department's commitment to early childhood services.

One aim is to provide extra support and early intervention so that all children can participate in high-quality early childhood services. DEECD has also committed to raising participation rates for disadvantaged and Indigenous children, attracting new teachers and investing in early childhood infrastructure.

### 1.3.3 National Partnership Agreement on Early Childhood Education

Under the National Partnership Agreement on Early Childhood Education, the Commonwealth and every state and territory committed to giving all children access to a good quality early childhood education program by 2013. The program is to be delivered by a four-year university trained early childhood teacher for 15 hours a week, 40 weeks a year, in the year before formal schooling. It should be accessible, relevant to the needs of parents and children, and affordable. The Commonwealth government has committed \$970 million over five years from 2008–09 to 2012–13 for implementation of the National Partnership Agreement on Early Childhood Education, including \$210.6 million for Victoria.

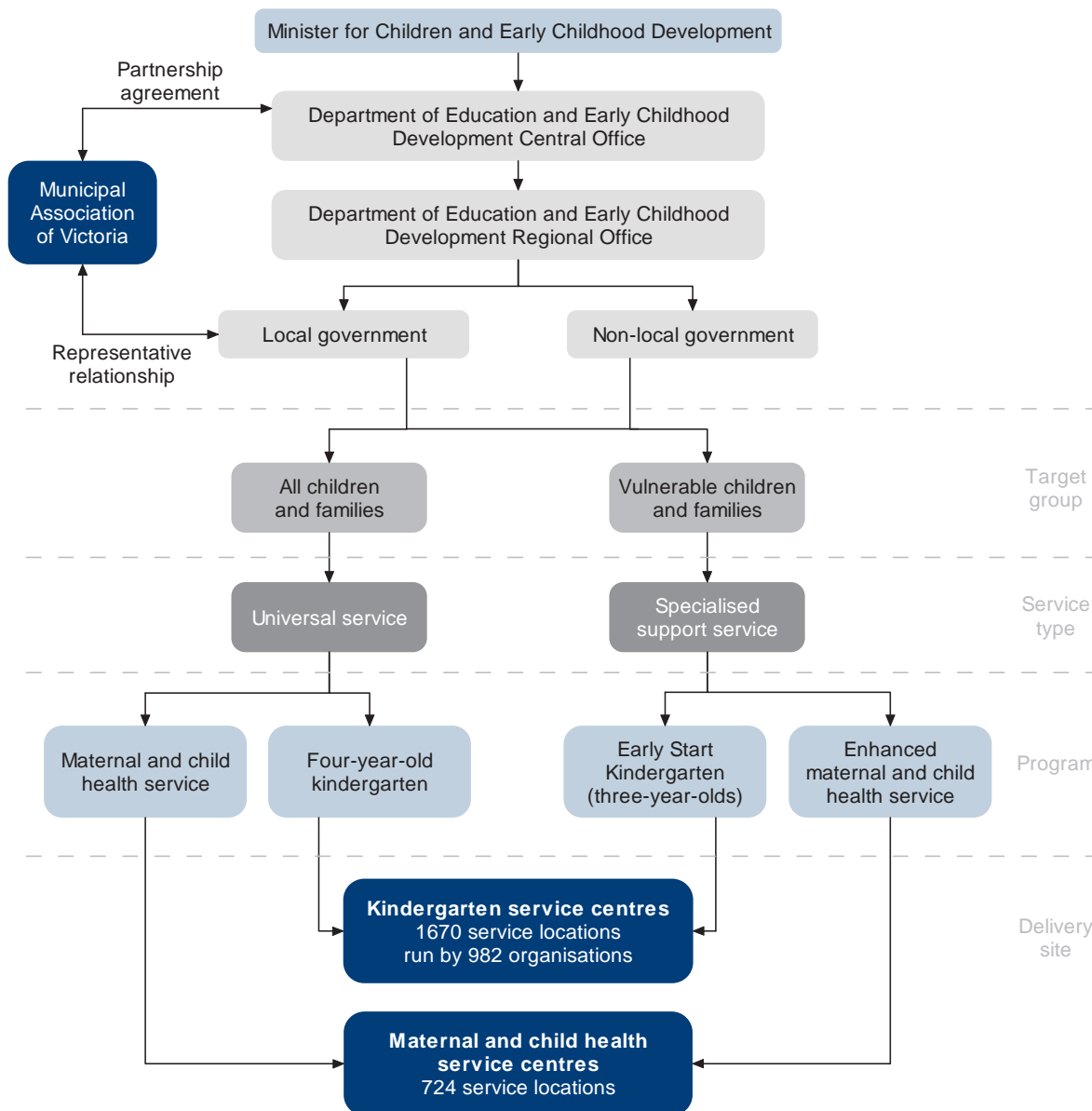
## 1.4 Roles and responsibilities

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DEECD is accountable to the Minister for Children and Early Childhood Development for meeting policy and service objectives. It enters into service agreements with local government, community-based organisations and private sector operators to deliver early childhood services.

Figure 1A shows the structure for delivering early childhood services.

**Figure 1A**  
**Service delivery framework for early childhood services**



*Note:* 71 500 home visits were also completed as part of the first consultation of the universal maternal and child health service.

12 665 families used the enhanced maternal and child health service, which may have included home visits as part of its flexible service delivery model.

Non-local government includes community-based organisations and private sector.

*Source:* Victorian Auditor-General's Office, based on data sourced from 2009–10 Department of Education and Early Childhood Development documents.

## 1.5 Prior audit of early childhood services

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VAGO's 2007 audit report, *Giving Victorian Children the Best Start in Life (2007:2)* concluded that participation rates in universal maternal and child health and kindergarten services had increased in the five years to 2005. However, there was insufficient evidence that three initiatives had achieved their intended aim of increasing participation in universal services, particularly for vulnerable children.

That audit's recommendations included the need to address the lack of a consistent definition of vulnerability; the need for improved monitoring of vulnerable children; the inefficiencies of operating multiple databases to collect information on the same child; the need to evaluate the effectiveness of the framework developed by the Municipal Association of Victoria to support local government planning; and inadequate monitoring and review of planning for early childhood services by local government.

## 1.6 Audit objective and scope

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This audit examined whether access to early childhood services has improved since 2005–06, and if services are meeting the required standards.

It assessed whether:

- services are accessible when and where needed
- DEECD understands and effectively manages demand for early childhood services
- high-quality services are provided that support achievement of program objectives.

The audit examined documents, data and processes related to service planning, delivery and monitoring, held discussions with staff from DEECD's central office and three regional offices and visited five early childhood services in each of those three regions.

## 1.7 Audit cost

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The audit was conducted in accordance with Australian Auditing and Assurance Standards and cost \$435 000.

## 1.8 Structure of this report

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Part two deals with service demand and access.

Part three addresses service quality.

# 2 Service demand and access

## At a glance

### Background

The Department of Education and Early Childhood Development (DEECD) needs a sound understanding of the demand for early childhood services so it can plan for all children and families to access and participate in them.

### Conclusion

While participation rates have continued to improve, DEECD does not sufficiently understand, or effectively manage, demand for early childhood services. The department needs to take a stronger lead, consistent with its accountability obligations, if full participation in the range of services available is to be achieved, particularly in relation to vulnerable and disadvantaged children.

### Findings

- Participation rates in universal kindergarten, and maternal and child health services, and services for vulnerable families have risen between 2005–06 and 2009–10.
- DEECD relies on local government to identify and meet service demand without assuring itself of the quality and consistency of this service planning.
- DEECD does not regularly identify and address gaps in its understanding of demand to improve its demand management.
- DEECD does not know whether all children and families that want and need to access services do so.
- DEECD's knowledge of barriers to services is largely based on isolated exercises rather than a structured systematic approach in consultation with providers.

### Recommendations

- That DEECD exercise more purposeful oversight of the quality and consistency of council planning.
- That DEECD develop a better understanding of service demand, particularly for the vulnerable and disadvantaged by:
  - reviewing its definition of vulnerability to guard against children 'slipping through the net'
  - working with service providers to remove barriers to access and participation, and mitigate reasons for the fall in use of maternal and child health checks.

## 2.1 Introduction

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The Department of Education and Early Childhood Development (DEECD) is accountable for the success of the government's early childhood services policies and for planning, providing, monitoring and evaluating early childhood services.

To plan effectively, DEECD needs a sound understanding of local, regional and statewide demand for early childhood services. This includes knowing population projections; the number of eligible children and families; participation rates and reasons for non-participation; service provider capacity, and timeliness of service access. It is important that this understanding is based on current, relevant and reliable data.

Where participation rates fall below identified demand, DEECD needs to know whether this is because families decide not to participate or because they cannot access the services. Regular monitoring of participation rates enables barriers to be identified and evidence-based, targeted strategies developed to address them. Without such information, DEECD cannot know that all eligible children and families can access services and benefit from them as intended.

In this chapter, we examine whether:

- participation rates in early childhood services, including for vulnerable groups, have risen
- DEECD uses its understanding of service demand to inform service planning
- DEECD accurately identifies demand for services
- children and their families can readily access early childhood services without unreasonable waiting periods or barriers
- DEECD and service providers identify barriers to access and participation, and implement targeted evidence-based strategies to increase participation.

## 2.2 Conclusion

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Participation rates for universal services have improved in the five years to 2010, as has participation by vulnerable families and children. However, DEECD cannot demonstrate that early childhood services are accessible when and where needed, especially for vulnerable families, and whether all children are benefiting.

Regardless of DEECD's perceived ambiguity of its respective roles and responsibilities with local government, the department is ultimately accountable for achieving the policy objective of full participation. Until the department takes a stronger leadership role its partnership with local government will continue to be unable to demonstrate optimum participation rates are being achieved, particularly for vulnerable children and families.

DEECD does not have the level of understanding it needs to effectively manage demand for early childhood services. Rather, it has limited its role to knowing population projections, setting participation targets and funding services. Since it does not know how many families do not use the services or the reasons why, it is not in a position to develop strategies to remove barriers to access and in turn increase participation, thereby meeting the government objective of full participation in the range of services available.

DEECD relies on councils to make sure that all children and families can access appropriately resourced local services, but its oversight of council planning practices is inadequate. For example, DEECD has only recently assessed the capacity of service providers, but this was in response to a related Council of Australian Government's initiative and only for kindergarten programs.

Because DEECD cannot reliably identify all vulnerable families and children early and be assured that they are receiving the services they require, these children remain vulnerable throughout the health and education system, further delaying the likelihood of detection and any timely intervention. This is a significant problem. The nature of the vulnerabilities faced by these families, such as drug and alcohol abuse, violence, homelessness, mental health issues, low income and social isolation, mean that the children are at significant risk. Another concern is that the consequence will be a greater cost to the community and government in the longer term.

## 2.3 Participation in services

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Statewide participation rates in universal kindergarten, and maternal and child health services have risen between 2005–06 and 2009–10. The use of services for vulnerable children and families has also risen over this period.

However, the pattern of progressive decline in the take-up of the ten developmental and health checks from the universal maternal and child health service has not improved and remains consistent with 2005–06.

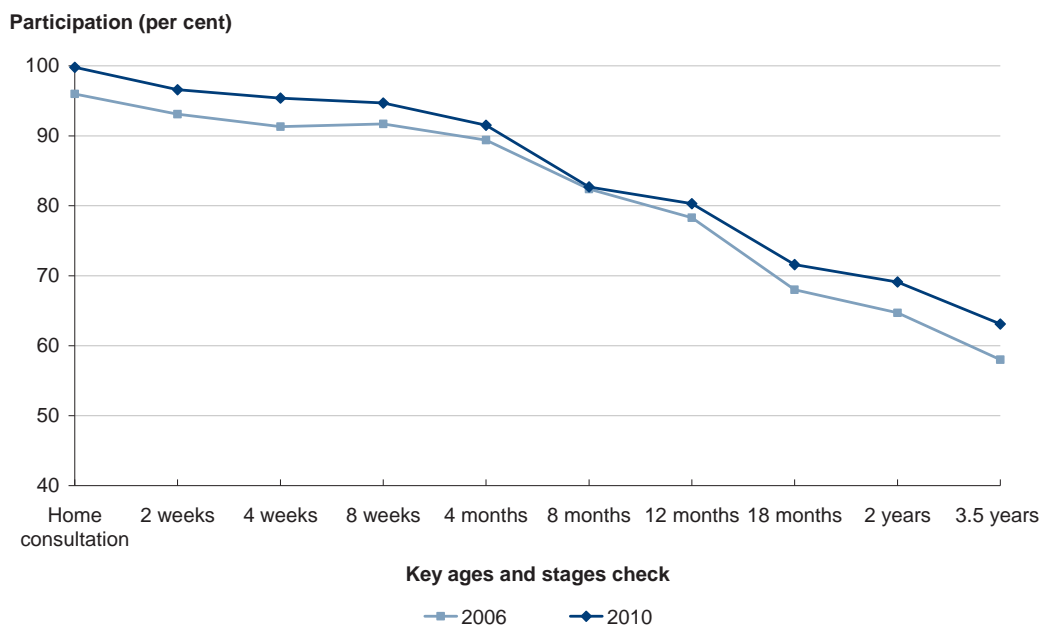
### 2.3.1 Universal services

#### Universal maternal and child health services

Statewide, the participation rate for universal maternal and child health checks over the five years to 2009–10 increased at a rate greater than the rate of population growth. Maternal and child health checks rose between 2005–06 and 2009–10, from 528 127 to 606 824.

Figure 2A shows participation rates and the use of the health checks between 2005–06 and 2009–10.

**Figure 2A**  
**Statewide participation rate in the ten**  
**universal maternal and child health checks, 2005–06 to 2009–10**



Source: Victorian Auditor-General’s Office analysis of data provided by the Department of Education and Early Childhood Development.

While the rise in the number of health checks over the period is a positive, Figure 2A also shows that the progressive decline in participation between the first and last check, particularly after the eight-week check, has continued. The drop-off in checks from birth to 12 months, 18 months and 3.5 years in 2009–10 is similar to that in 2005–06. By 18 months, around 30 per cent of all children and families no longer participate in the service. By the last check at 3.5 years only about 60 per cent of families are still using the service.

A similar pattern of decline in participation between the first and last check was also evident between 2001–02 and 2004–05.

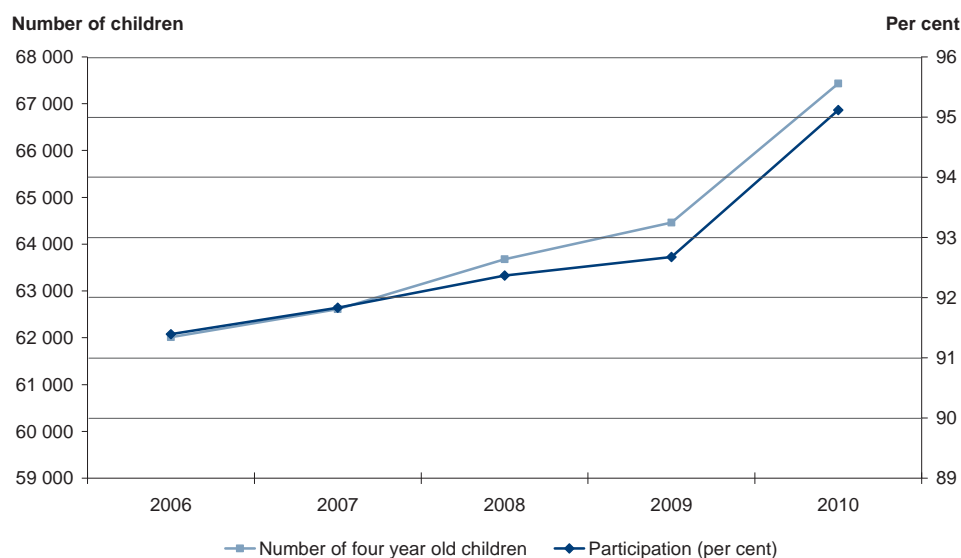
Comparable data for vulnerable and disadvantaged children are not available.



### Four-year-old kindergarten services

Figure 2B shows that the participation rate for four-year-old kindergarten services rose from 91.4 to 95.1 per cent between 2006 and 2010. Over the same period, total enrolments grew by 13.2 per cent compared to a population growth of 8.7 per cent.

**Figure 2B**  
**Four-year-olds in kindergarten compared with population growth**



Source: Victorian Auditor-General's Office analysis of data provided by the Department of Education and Early Childhood Development.

The current 95 per cent kindergarten participation rate meets the nationally agreed target for universal access. However, except for 2006, DEECD has not established who the non-participants are and whether they include children and families most in need of the service.

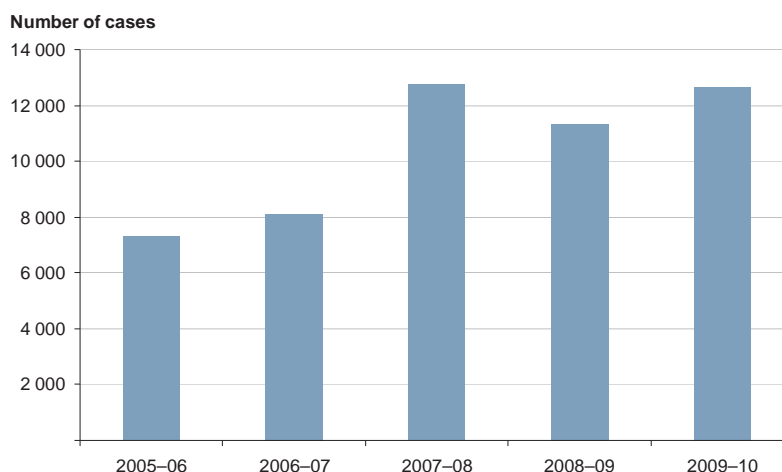
### 2.3.2 Services for vulnerable children

The participation trends in both services are positive, but DEECD is unable to establish whether all eligible children are participating in these services.

#### Enhanced maternal and child health service

Figure 2C shows the number of cases referred to the enhanced maternal and child health service has trended upwards over the five-year period to 2009–10.

**Figure 2C**  
**Statewide participation in enhanced maternal and child health service**



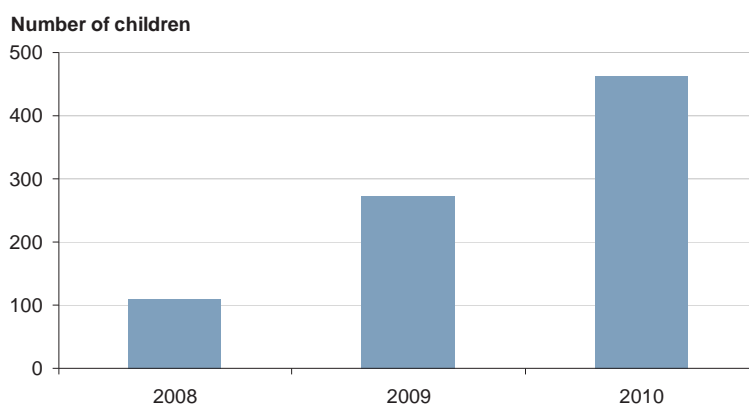
Source: Victorian Auditor-General's Office analysis of data provided by the Department of Education and Early Childhood Development.

The funding model used assumes that 10 per cent of families using the universal service will need the enhanced service, but the basis for this assumption is not evident. In 2007-08, use of the enhanced service was 12 per cent of the universal service (about one in eight), and 16 per cent in 2009-10 (about one in six). As these figures show enrolments rather than referrals, the actual assessed need for the enhanced services is likely to be higher.

### Early Start Kindergarten

Figure 2D shows participation in Early Start Kindergarten has substantially increased since the service was commenced in 2008.

**Figure 2D**  
**Statewide participation in Early Start Kindergarten 2008-10**



Source: Victorian Auditor-General's Office analysis of data provided by the Department of Education and Early Childhood Development.

DEECD data shows that in 2010 about 3 700 children were eligible for Early Start Kindergarten. The department budgeted for 2 000 places, but only 463 children enrolled, 258 (55.7 per cent) of whom were Indigenous children. In 2009 there were 1 000 budgeted places with 272 enrolments, including 238 (87.5 per cent) Indigenous children.

## 2.4 Understanding and managing service demand

DEECD and local government need to base their planning on the analysis and effective use of current, relevant, and reliable information and data. This includes a sound understanding and effective management of demand for early childhood services.

DEECD does not sufficiently understand or effectively manage demand for services for vulnerable children and families. It does not regularly review the gaps in its understanding and implement improvements to its demand management to deliver the outcomes for which it is accountable. This limits DEECD's ability to assist vulnerable children and families.

### 2.4.1 Universal maternal and child health services and kindergartens

DEECD uses Australian Bureau of Statistics data for kindergarten services and birth rates for maternal and child health services to forecast up to four years in advance the number of children eligible for early childhood services.

#### Maternal and child health services

Ideally, maternal and child health checks need to reach every child.

As participation in this service is voluntary something short of full participation in every check is likely. DEECD has not however, obtained a sufficient understanding of the reasons for the drop off in universal maternal and child health checks after the eight-week check.

Identifying the reasons would improve the department's ability to understand demand and to act to increase participation. For example, if the drop off is because parents have problems accessing the service, DEECD could encourage the development of strategies to remove the barriers. If it is because parents believe they do not need, or would not benefit from the service, DEECD could consider strategies to better inform people about the benefits.

Most maternal and child health nurses in the three regions we visited said they prioritised checking babies up to 12 months old, rather than doing all the checks on fewer children. They considered the initial checks more important than the later checks because babies were more susceptible to health risks, and applied their limited staff resources accordingly. DEECD needs to better understand such issues so that it can make effective decisions about the service delivery model.

## Kindergartens

DEECD's understanding of demand for kindergarten services is compromised by a number of factors including the absence of a statewide central enrolment system for kindergartens. Children can be directly enrolled through their local council, service provider or through a centralised enrolment system that operates across a number of local government areas. For this reason, and because parents can place their child on multiple waiting lists, kindergarten waiting list numbers from the November prior to the kindergarten year are not reliable.

DEECD also does not know the extent of delays for families waiting to access kindergarten programs and how this affects service demand.

### 2.4.2 Services for vulnerable children

Our 2007 *Giving Victorian Children the Best Start in Life* audit reported that vulnerability was defined inconsistently between service providers, making it difficult to establish whether participation by all vulnerable families and children had increased.

DEECD has since addressed this inconsistency. However, in so doing, it defined vulnerability and disadvantage differently between services, thus preventing it from tracking children and families across services:

- **Enhanced maternal and child health**—vulnerability includes family risk factors such as problems with drugs and alcohol, violence, homelessness. Children assessed as vulnerable may access the enhanced service.
- **Early Start Kindergarten (three-year-olds)**—vulnerable children are those of Aboriginal and Torres Strait Islander descent and children known to the Department of Human Services' Child Protection unit.
- **Universal four-year-old kindergarten**—disadvantaged families are those who have a Health Care Card, an appropriate visa, have triplets or quadruplets starting at the same time.

DEECD has applied definitions of vulnerability which do not encompass all of the criteria normally associated with vulnerability—children instead need to fit program specific criteria for vulnerability. By applying its programmatic definitions, DEECD can determine whether a child or family is eligible for a targeted service, but it cannot know that it is reaching all vulnerable families and children.

DEECD also does not track if children eligible for the enhanced maternal and child health service or Early Start Kindergarten attend the corresponding universal service, or another targeted service. For example, DEECD does not track whether a child who attends Early Start Kindergarten also attends four-year-old kindergarten.

## Enhanced maternal and child health services

While DEECD knows the number of families who use the enhanced service, it does not know how many families need it. The department only requires service providers to report the families who enrol in the enhanced service. DEECD does not track the number of families referred to the service but who do not enrol. As it does not know the number of these families, or the reasons why they fail to enrol, it cannot fully understand either the demand for or the barriers to participation.

Families may be referred to the enhanced maternal and child health service through general practitioners, friends or by self referral. Most referrals however, are made by maternal and child health nurses, usually as a result of family attendance at one of the seven universal health and development checks provided in the first 12 months of a child's life. But because participation rates in universal health and development checks progressively decline after the child's first check, the chance of identifying vulnerability, and the need for the enhanced service, also declines after the first check. This means that families who could benefit from the enhanced service may not be identified.

Universal and enhanced maternal and child health services also differ in the database systems they use to collect and record information on children and families. This prevents DEECD from identifying how many vulnerable families fail to attend the universal maternal and child health checks after the eight week stage. As the enhanced service targets children in their first 12 months, there is a risk that children will be at school before developmental issues that often present between 18 months and two years of age are identified.

Our 2007 audit also identified that the databases did not provide timely and accurate data about vulnerable children and families. While the recommendation to establish a common statewide database system was accepted, as yet no action has occurred.

## Early Start Kindergarten

DEECD does not sufficiently understand the demand for its Early Start Kindergarten program, which is targeted at Indigenous children and children known to the Department of Human Services Child Protection Unit.

To measure the population of young Indigenous children in Victoria, early childhood services rely on families to identify whether their children are of Aboriginal and Torres Strait Islander descent. DEECD has no means to independently verify this data.

DEECD completed an evaluation of the Early Start Kindergarten program in 2010 which identified a range of factors for its low take-up including that:

- there were too few kindergartens that could accommodate eligible children
- the referral and placement arrangements did not work as envisaged.

A range of actions aimed at improving the take-up of the Early Start Kindergarten program are now being pursued by DEECD.

## 2.5 Service planning and delivery responsibilities

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DEECD partners with local government to plan, deliver and achieve the intended outcomes of early childhood services. Both parties need a clear understanding of the accountabilities, roles and responsibilities for the partnership to work effectively.

While DEECD and local government are committed to working collaboratively and cooperatively, the partnership is not effective. DEECD has not exercised sufficient leadership in planning, commensurate with its accountability for delivering the government's objectives for early childhood services.

### 2.5.1 The role of DEECD

From DEECD's perspective, the levels of responsibility and accountability for service planning, as well as for delivering outcomes in early childhood are complex and ambiguous. However, the department has not been active in seeking to remove ambiguity regarding its role in service planning, limiting its role to knowing population projections, setting participation targets, and funding services. It also does not require local governments to provide it with information relevant to strategic regional and statewide planning for services. DEECD does not know how well councils are planning for early childhood services. Therefore, it has insufficient assurance that councils are investing in the right number and type of facilities, that they can satisfy demand, or that participation rates are as good as they can be.

The memorandum of understanding between DEECD and the Municipal Association of Victoria (MAV) representing local government, sets out the principles that guide their partnership in the planning, funding and provision of maternal and child health services. However, there is no similar document to support the partnership between DEECD and local government and private providers in the planning and provision of kindergarten services.

The partnership agreement between the department and MAV provides a high-level framework to guide the operation of their relationship and the activities they undertake. It provides a brief description of the principles of the partnership and the responsibilities and obligations of DEECD and MAV. It also includes a commitment by both parties to honour the terms of the agreement and evaluate its effectiveness on an annual basis.

DEECD has not consulted with MAV to review the terms of the partnership agreement to establish clarity about their respective responsibilities for planning and provision of early childhood services. DEECD and MAV undertook a 'light touch' review of the effectiveness of the partnership agreement in October 2010 and a further review is planned for August 2011.

## 2.5.2 The role of local government

Under the *Local Government Act 1989*, local councils have primary responsibility to plan and provide services for the local community which include maternal and child health and kindergarten services. This includes estimating demand for services and the resources and infrastructure needed to meet the demand.

Councils are also responsible for identifying any barriers for children and families in accessing services, and developing appropriate and targeted strategies to remove them.

### Municipal Early Years Plans

Between 2004 and 2009, DEECD provided around \$236 000 to MAV to support the development of a Municipal Early Years Planning Framework (the framework). The framework recognises local government's role in early years planning and aims to help councils plan early childhood services more effectively.

Councils are meant to use the framework for their Municipal Early Years Plans (MEYP), the main document for service planning. MEYPs are strategic local area plans for developing early childhood care, social, education, and health programs for young children. The plans document the evidence base and analysis of local data, issues, emerging needs and trends affecting young children and their families. Councils also use MEYPs to evaluate and improve early childhood services.

DEECD invested in the framework but neither it nor MAV has the power to compel council's to adopt it. MAV can only encourage councils to use it. Currently, 70 of 79 councils or 88.6 per cent have prepared an MEYP.

DEECD has not evaluated whether the framework has met the aim of improving the effectiveness of council planning practices. Despite this, in 2010 DEECD provided MAV with \$100 000 to update the framework with the following expected outcomes by the end of 2011:

- more consistent municipal early years planning across the state
- councils will use DEECD data when preparing MEYPs and prioritising their investment in services and facilities
- increased council investment in early years services, including using evidence-based MEYPs to support funding submissions or to influence regional planning.

The revised framework, due for completion in October 2011, is intended to guide councils on monitoring and reviewing MEYPs. Once the framework is implemented, it is important that DEECD monitors council progress towards achieving the expected outcomes.

## DEECD oversight of Municipal Early Years Plans

DEECD has given regional offices responsibility for monitoring the completion of MEYPs. The regions may also assist councils to develop their MEYP if invited.

While regional offices read MEYPs, they do not review their consistency and adequacy, or confirm that they can fulfil DEECD policy aims, or that councils use them effectively. They do not, for example, work with councils to address scarce capacity, which may prevent the council meeting demand.

MEYPs are sent to DEECD's central office, however, there is no evidence that it uses them to prioritise or inform funding or policy decisions. Neither is there evidence that DEECD central office uses them to assess deficiencies in regional and statewide workforce and infrastructure planning.

## 2.6 Addressing barriers to access and participation

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DEECD has limited knowledge of the difficulties experienced by children and families in accessing and participating in early childhood services.

Some action has been taken to address barriers through the kindergarten fee subsidy which has been in place for more than ten years; and in 2005 annual service improvement plans were introduced as a requirement of funding for maternal and child health service providers. DEECD has not established the extent to which these actions have contributed to improved participation.

In the last few years DEECD has also funded one-off projects to better understand and reduce the impact of barriers. These initiatives have been developed largely in isolation, rather than collaboratively with service providers in a responsive and systematic way. Given that DEECD has only recently introduced most of these strategies, the extent to which they are successfully removing barriers to service access and participation is unknown.

### 2.6.1 Increasing participation in maternal and child health services

#### Focus on the 18-month, 2-year and 3.5-year health and development checks

To help increase participation in universal maternal and child health services, DEECD's central office provided \$438 000 to councils in 2009 to help them address the drop-off in attendance at the 18-month, 2-year and 3.5-year checks. This equally matched Commonwealth funding, giving a total of \$876 000 or around \$11 000 for each council.

The funding was to support plans to improve maternal and child health services, focusing on increasing participation for families less likely to use the service at these last three checks.



All regions have since reported higher participation rates at the 3.5-year check, with increases at the 2-year and 18-month checks reported by eight and six regions respectively. Statewide, there was a 4.8 per cent and 1.5 per cent increase in the participation rate at the 3.5-year and 2-year checks, respectively. However, there was no change in statewide participation rates for the 18-month check.

### Service improvement plans

The aim of service improvement plans is to help maternal and child health service providers monitor how well they are meeting the needs of children and families and inform DEECD about the service improvement strategies being implemented across the state.

The plans set out priority areas for service improvement agreed to by DEECD and the Municipal Association of Victoria. Individual service providers are required to develop specific strategies in collaboration with DEECD regional offices to address these priority areas, as well as measures to assess the improvement strategies. One of the six priority areas is improved participation rates at the 18-month, 2-years and 3.5-years stages. Other priority areas include the development of strategies to improve identification and engagement of vulnerable children and families, and increase participation by Indigenous children and families.

Service improvement plans we examined in the three regions were, until 2007, of high quality and service providers reported improved performance. However, plans developed between 2007–08 and 2008–09 were not monitored by DEECD, or reported against by service providers, contained strategies of variable quality and in some instances performance against the measure was not reported because the information could not be compiled.

From 2009–10 service improvement plans have improved and regions are taking a more active role in their completion and reporting against by service providers.

## 2.6.2 Increasing participation in kindergartens

### Fee subsidies

DEECD subsidises fees for families deemed 'financially disadvantaged' so that their children can attend universal four-year-old kindergarten. This includes Indigenous children and families with eligible concession cards, visa holders, and triplets or quadruplets attending in the same year.

The subsidy is paid directly to the service provider and is intended to cover the full cost of attending 10 hours of kindergarten a week over four terms. As kindergartens set their own annual fees, the subsidy may not cover the full fee at all kindergartens.

The subsidy, which has been in place for more than ten years, was substantially increased in 2007 from \$330 to \$730 per child per annum, and again in 2010 to \$820 per child per annum, totalling \$15 million.

### *Fees above subsidy payments*

In 2007 DEECD identified that 3 per cent of fees were set higher than the increased fee subsidy. In 2010 around 19 per cent of kindergartens set fees above the subsidy, which equates to around \$571 000 additional cost to families.

DEECD allows this practice provided the child receives additional hours attendance at the kindergarten. However, DEECD has not undertaken any analysis to determine whether or not any financially disadvantaged families are required to pay these 'additional' fees, or whether they are able to 'opt out' of the additional hours and receive a free service as intended.

Further, although the kindergarten fee subsidy has been in place for more than ten years and significantly increased in 2007 and 2009, DEECD has not established whether this has raised participation by financially disadvantaged families.

### *Fees below subsidy payments*

DEECD also allows kindergartens to retain surpluses—that is, where subsidy payments exceed fees charged—to assist disadvantaged families and to improve affordability for all families. DEECD requires kindergartens that receive more than \$5 000 in surplus subsidy payments to report how they use the excess.

Our analysis showed that in 2010 kindergartens that set their fees below the subsidy received, in total, more than \$2.3 million in excess subsidy. One hundred and forty-nine of these kindergartens retained on average \$7 516 in surplus fee subsidies, totalling \$1.12 million. Seventy-nine (53 per cent) of these kindergartens did not report on how they expended the surplus subsidies. Of the 70 (47 per cent) kindergartens who did report, 28 (40 per cent) under-reported the value of the surplus subsidy which in total was around \$53 300.

It is not evident that DEECD had followed-up on these two issues.

### *Building service provider capacity*

Following the Council of Australian Government's decision to increase the hours four-year-old children could attend kindergarten, in 2010 all councils were required to assess their capacity to provide five more hours of service per week per eligible child.

Before 2010, DEECD had not analysed the capacity of kindergarten or maternal and child health service providers to meet demand across the state as it believed local government is responsible for doing so as part of its planning activities.

DEECD engaged a contractor for \$600 000 to work with nine councils identified as being at risk of not meeting demand for kindergarten services in 2011. Each of the nine councils selected for this initiative had been identified by DEECD as having one or more of the following:

- accelerated population growth
- declining kindergarten participation rates
- insufficient kindergarten programs to meet current demand
- projected population growth that would result in over one-third of the state's four-year-old population living in these council catchments.

The project aims to help each council develop a strategy to mitigate its risk of not meeting demand. DEECD also wanted other councils to learn from the project.

The project results had not yet been finalised by DEECD.

### 2.6.3 Increasing participation of vulnerable children and families

In May 2010 the then Minister for Children approved \$2.6 million in funding for DEECD regional offices for local projects to improve vulnerable and disadvantaged group participation in universal services.

DEECD central office required all regions to clearly identify their participation issues and supply evidence. In the three regions we visited, DEECD approved the following funding:

- **Southern Metropolitan**—\$400 000 to improve integration of universal, secondary and tertiary health care services, with a focus on four socially disadvantaged suburbs in the Mornington Peninsula Shire.
- **Western Metropolitan**—\$400 000 to improve participation in two suburbs with low levels of English proficiency, high unemployment and low rates of Year 12 completion.
- **Loddon Mallee**—\$210 000 to support kindergartens and maternal and child health centres with high numbers of children with special needs, and Indigenous and culturally and linguistically diverse children, and to build workforce capacity.

DEECD has advised that these projects are not yet finished.

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## Recommendations

1. That the Department of Education and Early Childhood Development exercise more purposeful oversight of the quality and consistency of council planning.
  2. That the Department of Education and Early Childhood Development develop a better understanding of service demand, particularly for the vulnerable and disadvantaged by:
    - reviewing its definition of vulnerability to guard against children and families 'slipping through the net'
    - working in partnership with service providers to identify and act to remove barriers to access and participation, especially for the vulnerable and disadvantaged
    - working in partnership with service providers to identify and act to mitigate the reasons for the fall in attendance at maternal and child health checks after the first visit.
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# 3 Service quality

## At a glance

### Background

The Department of Education and Early Childhood Development (DEECD) is accountable for the provision of high-quality early childhood services; and assesses provider performance against regulations, program standards and service agreements.

### Conclusion

DEECD cannot demonstrate that high-quality early childhood services are being provided. It does not have sufficient assurance that early childhood service providers are meeting program standards and service agreement requirements.

### Findings

- DEECD is effectively assessing kindergarten providers' compliance with regulations, but this is only one component of service quality.
- Statewide program standards for maternal and child health services were not set until 2009. Standards for kindergarten programs will not be in place until 2012.
- DEECD does not hold providers to account for the quality of services through their service agreement, or obtain a comprehensive view of a provider's overall performance against their obligations.

### Recommendation

That DEECD strengthen its monitoring of service quality by:

- better integrating its processes for assessing provider compliance with regulations, program standards and service agreements
- including performance measures and targets for service quality in its service agreements with providers
- reviewing the results of self-assessments by kindergarten service providers to inform decisions on improving service quality
- assessing provider compliance with the revised maternal and child health program standards, and the new kindergarten program standards when introduced.

## 3.1 Introduction

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As the department accountable for delivering high-quality early childhood services, the Department of Education and Early Childhood Development (DEECD) has a responsibility to work with service providers so they understand and meet appropriate standards for service quality.

To achieve quality requires service providers to comply with regulations, program standards and their service agreements with DEECD. Each of these is an important but different aspect of service quality. Together they help to keep the approach to, and standard of, day-to-day operations consistent.

A rigorous framework to monitor service quality includes regular self-assessment and periodic external review of performance. The framework should also include a clear process to deal with providers that are not complying or are underperforming.

In this chapter, we examine whether DEECD:

- has clearly specified appropriate regulations, program standards and service agreements
- rigorously monitors provider performance to assure itself that they are meeting regulations, program standards and service agreement requirements
- acts decisively to remedy provider non-compliance or underperformance.

## 3.2 Conclusion

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DEECD cannot demonstrate that providers of early childhood services are meeting the government's policy objectives of providing high-quality services. DEECD does not have sufficient assurance that early childhood service providers are meeting program standards and service agreement requirements.

DEECD has a sound framework for monitoring whether kindergartens are safe environments for children to learn in but this is only one aspect of service quality. There are opportunities to improve how well and timely non-compliance with regulations identified through inspections is followed-up.

The department has only recently introduced revised program standards for maternal and child health services, so it is too early to assess whether providers are meeting them. There are no program standards for kindergartens. DEECD has never independently reviewed the quality of kindergarten programs. While kindergarten providers are required to regularly self assess the quality of their programs, DEECD does not review the results to assure itself of their consistency or adequacy, or to gauge the quality of services delivered.

DEECD does not assess, or hold service providers to account for, the quality of services through their service agreements. This means it cannot know whether providers are meeting all their service obligations.

In the absence of clear performance measures and a robust, statewide monitoring regime for service quality, DEECD cannot act decisively to identify and remedy provider non-compliance or underperformance.

## 3.3 Legislation and regulations

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Legislation and regulations help promote consistency and good quality in services. DEECD is accountable for the children's services legislation with which kindergarten providers must comply. To fulfil this role DEECD is required to license and monitor kindergarten services and enforce compliance with the regulations.

Kindergarten provider licensing covers various aspects of their operation, such as whether they offer educational or recreational programs based on the developmental needs and experiences of each child, protect children from hazards, provide adequate supervision, appropriately guide children's behaviour, and provide premises that are safe, hygienic and well maintained.

DEECD's approach to assessing kindergarten providers' compliance with the regulatory requirements is sound. However, DEECD could improve the timeliness and rigour of its follow-up of provider non-compliance with the regulatory requirements.

### 3.3.1 Monitoring compliance with regulations

DEECD uses a risk-based Monitoring and Compliance Framework to assess kindergarten providers' compliance with the regulations. The framework encompasses both regular inspections and investigations of reported complaints or incidents by DEECD's Children's Service Advisers.

#### Inspections

All newly licensed services must be inspected four times in their first two years and the results of these inspections are used for determining a monitoring status of one, two, or three. A status of one means the provider is presenting the greatest risk to the child's health, safety and wellbeing and will thus receive frequent inspections, sometimes weekly. A change in monitoring status can arise from a service inspection or if someone complains that the service has put a child's safety and wellbeing at risk.

Depending on the type of inspection, DEECD's Children's Service Advisers may or may not give advance notice of the inspection to the service provider.

Of the 580 annual inspections of kindergartens in 2010, 254 providers were found to be non-compliant on one or more regulatory requirement. Our analysis showed that the most frequently identified types of non-compliance were inadequate staff record keeping (19 per cent) and failure to protect children from hazards (17 per cent).

Our review of files from the three regions showed that the standard of documentation required from providers evidencing how they had corrected the non-compliance varied widely, regardless of the significance of the non-compliance—from a statement from the provider that the non-compliance had been addressed, to details of actions performed and supporting evidence. While instances of non-compliance are followed-up in the next annual service inspection or through additional monitoring inspections, not setting and enforcing clear evidentiary standards, commensurate with the nature of the non-compliance, increases the risk that the non-compliance has not been addressed in a timely or sufficiently rigorous manner.

### Investigations

Under the framework, Children's Services Advisers must investigate complaints or incidents rated as:

- **priority 1**—a high risk to the child's safety and wellbeing: immediately
- **priority 2**—a moderate risk to the child's safety and wellbeing: within four to eight weeks of the previous visit
- **priority 3**—a low risk to the child's safety and wellbeing: as required.

We reviewed all 2010 investigations of kindergarten services rated status one from the three regions to assess how well DEECD responds to reported incidents and complaints about kindergarten providers. Our analysis showed that DEECD responded in an appropriate and timely manner.

## 3.4 Program standards

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Program standards help service providers gauge whether they are delivering high-quality services. They also help in the design of evidence-based strategies to improve service quality. Regular and rigorous assessment of provider compliance with program standards is necessary for good service quality.

DEECD cannot demonstrate that early childhood service providers are delivering high-quality services.

### 3.4.1 Monitoring compliance with program standards

#### Maternal and child health services

While DEECD has recently introduced revised program standards for maternal and child health services, it is too early to assess provider compliance with the standards.

DEECD revised the 1995 program standards for maternal and child health services in 2009. The 1995 standards were aimed at helping services develop their own policies and procedures for services. The revised standards, developed in consultation with a broad range of stakeholders, including health professionals, apply to all services statewide. Thus, parents should expect the same quality of service from each provider.



The program standards set out criteria for good performance, and the evidence that providers can use to demonstrate their performance. One of the six standards, *Quality and safety*, requires providers to develop a quality improvement framework for all six standards. The aim is to support continuous service improvement and better health and wellbeing for children and families.

Maternal and child health providers are encouraged to use the program standards to monitor and self-assess their service quality.

## Kindergartens

DEECD has neither developed and instituted program standards for kindergartens, nor independently reviewed the quality of kindergarten programs delivered.

While there are no statewide program standards for kindergartens, all kindergartens receiving government funding are required to comply with the *Victorian Kindergarten Policy*. This includes that they have a process to monitor and improve service quality.

Kindergartens not operated in a long day care centre can evaluate their programs using:

- the Commonwealth government's quality improvement and accreditation system, currently administered by the National Childcare Accreditation Council
- the Kindergarten Quality Assessment Workbook and Checklist
- other quality assurance systems such as the local government best value process.

Kindergarten programs delivered in long day care settings are subject to quality assurance by the National Childcare Accreditation Council.

DEECD has not revised its Kindergarten Quality Assessment Workbook and Checklist since 1999 and 1996 respectively because it believes the quality standards for kindergartens have not changed. The basis for this view was not evident.

Of the 1 755 kindergartens operating in 2010, 764 reviewed their service using the workbook and checklist, 463 used the Commonwealth's framework, 107 used local government best value or similar, 343 used an 'other' method, and there was no data for 78.

DEECD records the providers' methods of self-assessment but does not review the results. DEECD would gain greater assurance of service quality if it combined self-assessment with regular external objective assessment. This should also raise community confidence in the quality of kindergartens.

Kindergarten providers are required to survey parents annually on their satisfaction with the service. While the survey asks parents detailed questions about potential barriers to service access, DEECD only requires providers to report to it the overall service satisfaction rating. It does not review the survey responses to identify the issues raised by families, nor does it use survey responses to generate a regional or statewide view about parental satisfaction. Analysis of the survey responses from parents would provide useful information to judge the veracity of the department's view and identify the needs of families.

Since 2008 the Victorian government has been collaborating on the development of a unified, national quality framework for all early childhood education and care services, including kindergartens. However, the standards will not be introduced until January 2012. Until then Victorian children will continue to attend kindergartens that have no statewide program standards, and DEECD will continue with limited knowledge of service quality.

### 3.4.2 Service improvement plans

DEECD has required service improvement plans for maternal and child health services since 2005. These plans are a tool for maternal and child health service providers to support service improvement, with a particular focus on increased participation rates and improved identification and engagement of vulnerable children and families. Since 2009, DEECD has also required kindergartens that operate under a centralised administration arrangement (cluster managers) to complete service improvement plans.

While retaining a focus on the development of strategies to increase participation rates, DEECD requires service providers to use improvement plans as a tool to support improvement in service quality.

The framework for the improvement plans is sound. It requires providers to clearly identify areas to improve, targeted strategies for improvement and appropriate measures to assess the improvements.

We reviewed 13 improvement plans for 2010–11 prepared by kindergarten cluster managers and maternal and child health service providers, to assess how well providers used the improvement plans. Maternal and child health improvement plans did not always clearly link strategies and measures to demonstrate success to the improvement area. In contrast, kindergarten improvement plans were more consistent, detailed, and showed clear links between improvement strategies, the measures demonstrating success and the improvement areas.

As service providers are not required to report on the impact of their improvement plans until the end of 2011, it is too early to assess whether these plans can effectively drive improvement and be used to monitor improvements in service quality.

## 3.5 Service agreements

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Service agreements are contracts between DEECD and early childhood service providers. For DEECD and the service providers to be effective partners, the agreement should clearly document the services to be delivered, the service standards including performance measures, who is accountable, who is responsible for delivering the services, how much the provider will be paid, and what the reporting requirements are.

For DEECD to demonstrate that early childhood services are being delivered to the standard contracted, it needs to regularly and rigorously monitor that providers are complying with the service agreement.

Service agreements between DEECD and early childhood service providers do not contain performance measures or targets for holding providers to account for service quality. DEECD does not assess or hold service providers to account for the quality of the services they provide through their service agreements. Nor does it compile a comprehensive picture of a provider's overall performance against their service agreement obligations.

Since most maternal and child health and kindergarten providers have no desk top reviews—reviews that focus on risks such as financial viability and service delivery expectations—DEECD's knowledge of their overall performance against key risk areas is limited.

### 3.5.1 Content

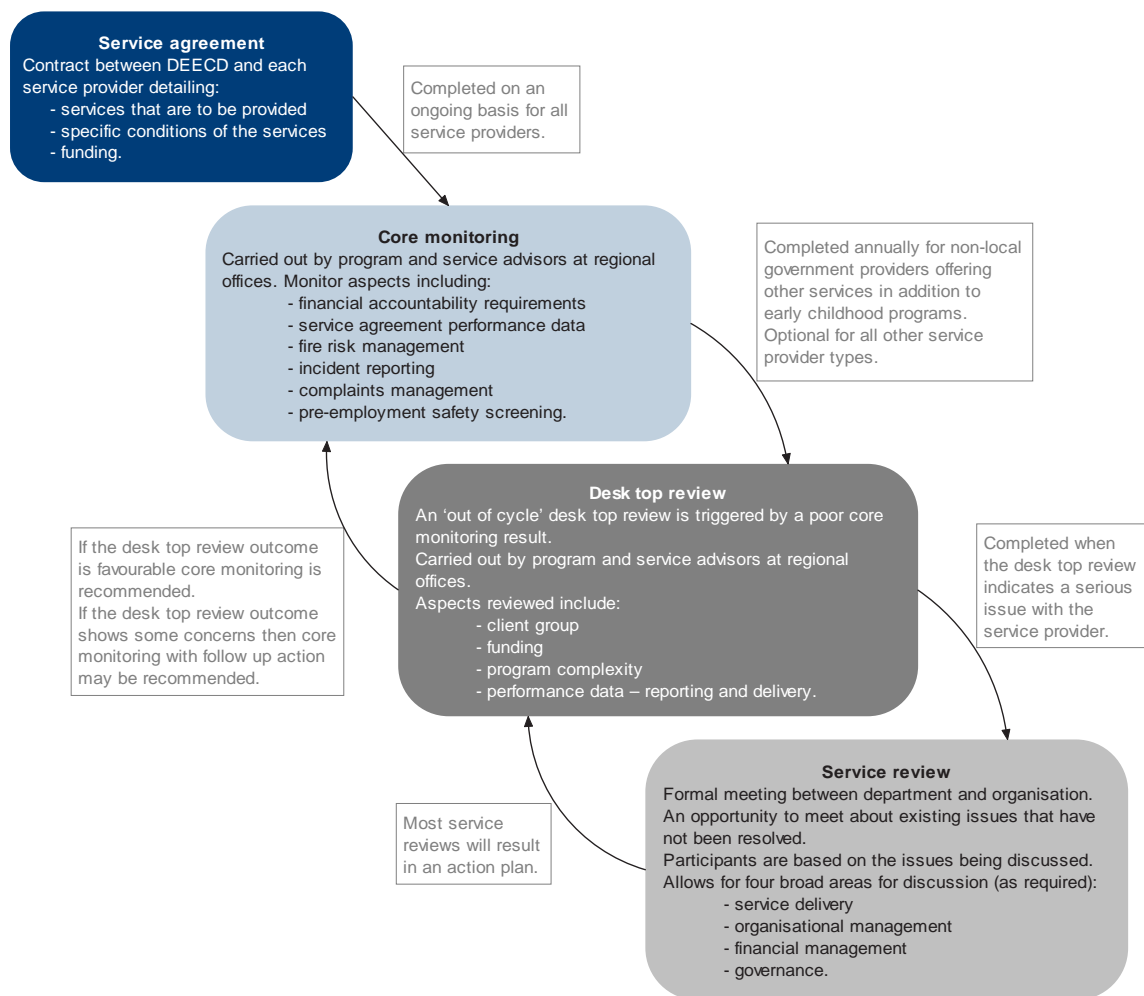
DEECD's service agreements for early childhood services clearly set out, or refer to, supplementary documents, the relevant legislation, program objectives, service standards, funding responsibilities, performance measures and reporting requirements. However, the performance measures could be improved.

The performance measures and targets are quantitative output measures focused on the numbers of children and families using early childhood services. There are no performance measures or targets for holding providers to account for service quality. There is also no clear alignment between service agreements and service improvement plans which specifically aim for ongoing improvement.

### 3.5.2 Monitoring compliance with service agreements

DEECD uses a statewide monitoring framework to assess how well providers are meeting their service agreement obligations. Under this framework responsibility for coordinating service agreements rests with the department with the largest funding relationship with the provider. DEECD has around 1 400 service agreements with funded sector organisations, including 1 015 for maternal and child health and kindergarten services. Figure 3A shows the framework.

**Figure 3A**  
**Service agreement monitoring framework**



Source: Victorian Auditor-General's Office, based on data provided by the Department of Education and Early Childhood Development.

Core monitoring is the baseline in the framework. It applies to all service providers and is ongoing. It includes monitoring by different DEECD staff at various times, for a variety of reasons, using diverse data collection methods. DEECD does not centralise the results of its core monitoring of service providers for easy review and assessment.

The desk top review is the second level of monitoring, which focuses on risks such as financial viability and service delivery expectations. The desk top review is informed by the results of the core monitoring.

However, the desk top review is optional for local councils delivering maternal and child health services and community-based organisations delivering kindergarten programs. This is because there are a range of other monitoring and accountability arrangements in place for these organisations. It is mandatory only for kindergartens managed through a centralised administration arrangement.

Of the 1 015 kindergarten and maternal and child health providers with service agreements only 29, or 2.8 per cent, are subject to mandatory desk top reviews. Since most maternal and child health and kindergarten providers have no desk top reviews, DEECD's knowledge of their overall performance against key risk areas is limited.

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## Recommendation

3. That the Department of Education and Early Childhood Development strengthen its monitoring of service quality by:
    - better integrating its processes for assessing provider compliance with regulations, program standards and service agreements
    - including performance measures and targets for service quality in its service agreements with providers
    - reviewing the results of self-assessments by kindergarten service providers to inform decisions on improving service quality
    - assessing provider compliance with the revised maternal and child health program standards, and the new kindergarten program standards when introduced.
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# Appendix A.

## *Audit Act 1994* section 16— submissions and comments

### Introduction

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In accordance with section 16(3) of the *Audit Act 1994* a copy of this report was provided to the Department of Education and Early Childhood Development with a request for submissions or comments.

The submissions and comments provided are not subject to audit nor the evidentiary standards required to reach an audit conclusion. Responsibility for the accuracy, fairness and balance of those comments rests solely with the agency head.

## Submissions and comments received

### **RESPONSE provided by the Acting Secretary, Department of Education and Early Childhood Development**



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BRI111356

Mr Des Pearson  
Auditor-General  
Victorian Auditor-General's Office  
Level 24, 35 Collins Street  
MELBOURNE 3000

17 MAY 2011

Dear Mr Pearson

Thank you for your letter of 3 May 2011 inviting management comments on the proposed report for the performance audit of *Early childhood development services: Access and quality*.

The Department of Education and Early Childhood Development welcomes the report and is pleased to have been acknowledged for:

- The continued improvement in the participation rates of children, especially vulnerable children, in Maternal and Child Health and Kindergarten Services since the last Performance Audit in 2006
- The Monitoring and Compliance Framework; and
- The continued use of Service Improvement Plans, and their expansion into Kindergarten Cluster Management.

The Department has implemented many strategies and service development initiatives in response to the 2006 Performance Report into early childhood. The Department recognises that some of these actions have taken longer than anticipated, particularly the development of an Information System which is currently underway.

Notwithstanding this, the focus on the importance of early childhood services in providing children with the best start in life has continued and we are committed to working closely with Local Government and our other early childhood stakeholders to:

- Better meet the needs of children and families in relation to the provision of universal services
- Further clarify the role of State and Local Government with respect to the planning of early childhood services; and
- Continue to improve the quality of services delivered to children and families in Victoria.



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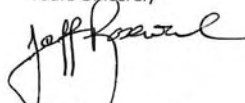


**RESPONSE provided by the Acting Secretary, Department of Education and Early Childhood Development – continued**

The Department accepts the three recommendations and will implement these within the context of available resources. I am confident that this report will inform service improvements for the benefit of all Victorian children and their families.

The Department's contact is Mr James Kelly, General Manager, Portfolio Governance and Improvement Division, telephone 9637 3158, should you wish to discuss the response and any related matters further.

Yours Sincerely



**Jeff Rosewarne**  
Acting Secretary

ATTACHMENT 3

**VAGO Audit**

**Early Childhood Development Services: Access and Quality, May 2011**

DEECD Management Response:

The Department welcomes the opportunity to comment on the audit report and in general accepts the key findings and recommendations. The Department's specific management response for each recommendation is outlined below.

Number	Recommendation	Response
1	That the Department of Education and Early Childhood Development exercise more purposeful oversight of the quality and consistency of council planning	Recommendation is accepted  The Department will continue to work in partnership with the Municipal Association of Victoria and Local Government to strengthen the quality and consistency of local early years planning.
2	That the Department of Education and Early Childhood Development develop a better understanding of service demand by: <ul style="list-style-type: none"> <li>Reviewing its definition of vulnerability to guard against children and families "slipping through the net"</li> <li>Working in partnership with service providers to identify and act to remove barriers to access and participation</li> <li>Working in partnership with service providers to identify and act to mitigate the reasons for the fall in attendance at maternal and child health checks after the first visit</li> </ul>	Recommendation is accepted  The Department will review the definition of vulnerability and continue to work with the sector to improve participation in early childhood services, particularly by vulnerable children and families.
3	That the Department of Education and Early Childhood Development strengthen its monitoring of service quality by: <ul style="list-style-type: none"> <li>Better integrating its processes for assessing compliance with regulations and service and program standards</li> <li>Including performance measures and targets for service quality in its service agreements with providers</li> <li>Reviewing the results of self assessments by kindergarten service providers to inform decisions on improving service quality</li> <li>Assessing provider compliance with the revised maternal and child health program standards and the new kindergarten program standards when introduced</li> </ul>	Recommendation is accepted  The Department notes that in relation to education and care services, the new National Quality Framework for Early Childhood Education and Care is due to come into effect from 1 January 2012 and will be underpinned by the national law and national regulations. Together they will set a new National Quality Standard and a regulatory framework for long day care, family day care, kindergarten and outside school hours care.  In relation to the Maternal and Child Health service, DEECD will consider the most appropriate approach to monitor the level of quality of services over time.



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Report title	Date tabled
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