

APPENDIX G

Gaps and challenges

We surveyed and interviewed the six EYM organisations included in this audit and the respective DET regional and area staff. We asked them to identify the key gaps and challenges that EYM organisations face while working to achieve the policy framework’s outcomes. We also asked them to identify the factors that contribute to these challenges and any available support that DET provides to help address them. Figure G1 summarises the survey results and feedback given during interviews. These gaps and challenges have not been assessed as part of this audit.

FIGURE G1: **Key issues identified by EYM organisations and DET regional and area staff and available DET support**

<i>Gap or challenge and contributing factors</i>	<i>DET regional support</i>	<i>DET central support</i>
Sustainable and responsive services outcome		
Issue 1: It is difficult to balance the financial viability of individual services with the financial viability of service portfolios		
<ul style="list-style-type: none"> All audited EYM organisations experience at least one service operating at a loss or consistently breaking even (from 1 to 13 services depending on the EYM organisation), which is not detected in DET’s annual financial assessments of EYM organisations. Financial viability can vary annually due to local demographic changes and the collective capacity of other services in each local government area. Achieving financial viability under per child and other funding requires EYM organisations to: <ul style="list-style-type: none"> balance and optimise the number and size of rooms and available outdoor play space balance and optimise the maximum capacity cap assessment based on building infrastructure balance and optimise the minimum number of children to achieve baseline funding 	<ul style="list-style-type: none"> ECPAPAs promote available funding and grants Early childhood funding advisors advise on and provide funding and grants ECPAPAs and early childhood improvement branch managers provide support when issues are identified ECPAPAs and early childhood 	<ul style="list-style-type: none"> ELD advise on service closures if notified and required EYM and non-EYM funding and grants advice and guidance by a contracted third party on effectively operating services

- meet educator to child ratios of 1:11
- meet minimum educator qualifications
- balance and optimise their hours of operation.
- Services in metropolitan local government areas experience building constraints, restrictions on expanding their available outdoor play space and are unable to optimise service viability with new educator to child ratio requirements. For example, delivering programs in a single room with the capacity to service 23 children.
- EYM organisations need to carefully balance the number of viable and unviable services in their portfolio as there is a tipping point when the organisation also becomes unviable. This can be reached unexpectedly with large changes in local demographics and enrolments and DET applying retrospective funding formula changes.
- Some EYM services are in the process of closing or have closed. For example, one of the EYM organisations identified 13 services for potential closure, which were the subject of the recent review by external consultants.
- Services operated by CoMs are experiencing difficulties operating and are encouraged to move the service into an EYM arrangement, even when the service is running at a sustained loss.
- Through ELD, DET encourages EYM organisations to take over the operation of unviable services with insufficient financial supports.
- It is difficult for EYM organisations to divest unviable services. They require DET and the council's approval when they hold a lease with the council to close sessional services when enrolments reach below 10 children.
- Since 2012, there has been an increasing proportion of children participating in kindergarten integrated with long day care, while participation in sessional kindergartens has gradually declined.
- Some children attend both sessional kindergarten and kindergarten integrated with long day care, although the funding is only paid to the sessional service.

improvement
branch managers
create connections
in local
communities to
strengthen
partnerships

Issue 2: The supply of kindergarten services is greater than the demand in some local government areas

- The expansion of new private long day care centres offering an integrated kindergarten service exceeds the current demand for kindergarten services in some local government areas.
- EYM organisations have limited access to information about these new private services that are commencing operations in their local government areas. As a result, the new service capacity can exceed the demand for kindergarten services in their local government area in some cases.
- Large demographic changes in some local government areas make it difficult for councils and EYM organisations to plan their service capacity. For example, while the City of Whittlesea is working towards keeping pace with increased demand as more land is developed for housing, the City of Glen Eira is working towards better understanding the movements of families into their local

- ECPAPAs and early childhood improvement branch managers provide support when issues are identified
- ECPAPAs and early childhood improvement branch managers create connections in local communities to

Kindergarten Capacity Assessment Project to support service planning

<i>Gap or challenge and contributing factors</i>	<i>DET regional support</i>	<i>DET central support</i>
government area as higher density housing is built and movement of growing families out of the area to larger dwellings.	strengthen partnerships	

Issue 3: EYM organisation’s board governance is inappropriate

<ul style="list-style-type: none"> Governance structures in the EYM system are complex. For example, EYM organisations may be one NFP company within a broader structure of companies including for-profit companies. EYM organisations’ capability to cross-subsidise their services depends on the composition of their organisation and whether they have alternate revenue streams that can cover the losses of unviable services. 	None available	None available
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Issue 4: It is difficult to align an EYM organisation’s structure with all of the policy requirements

<ul style="list-style-type: none"> Existing structures in central functions within an EYM organisation that support each of its services no longer align and are inadequate for the requirements of service delivery due to increased requirements of policy reforms. For example, pedagogical leadership and area manager roles. 	Advice from ECPAPAs and early childhood improvement branch managers on policy framework	None available
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Issue 5: EYM service funding is inadequate and unclear

<ul style="list-style-type: none"> EYM funding of \$10 232 is provided to a service irrespective of the number of children enrolled. For example, the same amount is provided to a service with 13 children and a service with 113 children. This can result in varying levels of support for educators and children. EYM-specific funding activities are not identified in the Kindergarten Funding Guide, and expenditure of funding is at the discretion of individual EYM organisations to determine. EYM organisations are not required to report against their annual EYM funding. DET therefore has a limited understanding and data on EYM-specific costs and expenditure. This makes it difficult to determine the adequacy of funding. EYM organisations report that the operational costs of administering the policy framework’s requirements are greater than the EYM funding they receive. They often cross-subsidise services to continue operations and have varying capacities to do so. The EYM funding model was developed over 10 years ago and has not been revised since its inception. Since this time, there have been increased requirements and expectations of EYM organisations through significant reforms. For example: <ul style="list-style-type: none"> Three-Year-Old Kindergarten reform (2020) School Readiness Funding rollout (2019) reportable conduct, No Jab No Play changes, mandatory reporting changes (2019) School Readiness Funding parent surveys (2018) educator breaks (2017) ratios, No Jab No Play, Child Safe Standards (2016). 	<ul style="list-style-type: none"> ECPAPAs promote available funding and grants Early childhood funding advisors advise on and provide funding and grants 	<ul style="list-style-type: none"> ELD is yet to share the findings from its review into EYM activities with the sector EYM and non-EYM funding and grants
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Issue 6: There is intense resourcing and commitment required to maintain partnerships (for example, between EYM organisations and DET, local councils, families and other stakeholders)

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| <ul style="list-style-type: none"> • EYM organisations are required to partner with varying numbers of local government areas. For example: <ul style="list-style-type: none"> • one EYM organisation has all of its services in one local government area • while another EYM organisation has services spread across 44 local government areas and finds it challenging and resource-intensive to coordinate these partnerships. • EYM organisations partner with parent advisory groups. There is usually one group per service. However, not all services have one, which increases an EYM organisation’s resourcing requirements because it needs to facilitate feedback from families at the local level on behalf of parents. • DET has increased EYM organisations’ requirements in line with new policies. EYM organisations also have a limited amount of time to respond to ad hoc requests for reporting because they have a greater demand for ECEC sector leaders than non-EYM providers. | <ul style="list-style-type: none"> • advice from ECPAPAs and early childhood improvement branch managers on policy framework • ECPAPAs and early childhood improvement branch managers create connections in local communities to strengthen partnerships | <ul style="list-style-type: none"> • EYM and non-EYM funding and grants |
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Issue 7: There is an inconsistent approach to DET’s support across regions

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| <ul style="list-style-type: none"> • DET has not established a clear communication strategy or guidelines. • When EYM organisations (generally the larger organisations) liaise directly with ELD, their concerns are not always shared with regional staff for transparency and information sharing. Smaller EYM organisations have difficulties with consistency with a central contact within ELD. • Some EYM organisations have a lead ECPAPA in one region while their other services report to ECPAPAs in other regions. This makes it very difficult for DET to achieve a consistent approach to reporting, monitoring performance and providing support. • There are different expectations and requirements from ECPAPAs across DET’s regions depending on local practices, services and funding agreement monitoring and support. • There is inconsistent communication and advice from ECPAPAs across DET’s regions and at times, information flows to EYM organisations before the regions. • There is a lack of information sharing within the EYM sector, which is contrary to the expectations set out in the policy framework around active information sharing. For example, while EYM organisations are required to undertake substantial monitoring and reporting on their services, funding agreements and implementation of the policy framework, DET conducts little reporting in return to share information with the sector. • There is a lack of forums to discuss gaps, challenges and continuous improvement within the EYM sector. | <ul style="list-style-type: none"> • Through DET’s Learning Places model • various regional forums | <ul style="list-style-type: none"> • Through DET’s Learning Places model • various central forums |
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Issue 8: Rolling out the Three-Year-Old Kindergarten reform and the School Readiness Funding program requires a significant workload from EYM organisations

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| <ul style="list-style-type: none"> • DET has significant expectations for EYM organisations to roll out School Readiness Funding from 2019 and the Three-Year-Old Kindergarten reform from 2020. • EYM organisations report that funding is not adequate to cover all of their required activities, such planning, conducting assessments and participating in DET’s workshops. | <ul style="list-style-type: none"> • School Readiness Funding workshops • Three-Year-Old Kindergarten workshops • advice from ECPAPAs and early childhood improvement branch managers on policies | <ul style="list-style-type: none"> • School Readiness Funding • Three-Year-Old Kindergarten funding • funding for administrative costs • change management grants |
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Issue 9: EYM organisations carry the deficit of service delivery costs

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| <ul style="list-style-type: none"> • Per capita funding is based on enrolment numbers of the previous year until June, which means that some services are over-funded for this period and some services are underfunded. This can be significant if enrolments change substantially from year to year. • New services need to carry the full cost of service delivery for the January to June period as there is no historical data to determine baseline funding. • Services can revert to an unfunded status when there is no longer a qualified early childhood educator delivering the program and the service has not qualified for the exemption. For example, when a teacher has resigned and the service is recruiting to fill the position. • The gap between the KFS and the kindergarten parent fee is carried by the service. For example, 33 per cent of one of the EYM organisation's enrolments are KFS. Its cost to meet the deficit is substantial. • EYM organisations carry the financial burden of running a sessional service at a loss through to the end of a calendar year and prior to DET and councils deciding to close it. • Some EYM organisations take on unviable services to provide access to a community service at their own expense. | <ul style="list-style-type: none"> • ECPAPAs and early childhood improvement branch managers promote available funding and grants • Early childhood funding advisors provision and provide advice on funding and grants • ECPAPAs and early childhood improvement branch managers create connections in local communities to strengthen partnerships | <ul style="list-style-type: none"> • EYM and non-EYM funding and grants |
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Issue 10: It is difficult for EYM organisations to invest in better and best-practice service delivery

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| <p>While EYM organisations are expected to invest in better and best-practice service delivery, EYM funding is limited and does not always cover this.</p> | <p>ECPAPAs and early childhood improvement branch managers provide advice about the policy framework</p> | <p>EYM and non-EYM funding and grants</p> |
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Issue 11: There are untimely and inconsistent service and funding approvals and provisions

<i>Gap or challenge and contributing factors</i>	<i>DET regional support</i>	<i>DET central support</i>
There are delays of up to 12 months between when new EYM services are approved and when they receive funding.	<ul style="list-style-type: none"> ECPAPAs promote available EYM grants Early childhood funding advisors provide advice on EYM grants 	ELD provisions EYM grants

Issue 12: EYM organisations are unable to reconcile DET’s payments

DET provides inaccurate funding advice notices.	Early childhood funding advisors provide advice on payments and additional reports	None available
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Issue 13: DET’s IT systems have limitations

<ul style="list-style-type: none"> KIMS holds operational and service level data. For example, some children fit into more than one funded vulnerable category (ESK, pre-purchased places and KFS), but only one category can be assigned to each child and providers are unable to move a child between categories as their circumstances change due to KIMS limitations. EYM organisations cannot upload large quantities of documents via the SIP portal, and the system can run very slowly. 	ECPAPAs and early childhood funding advisors provide assistance	ELD staff provide assistance to EYM organisations and regional staff
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Access and participation

Issue 14: The cost to attend sessional kindergarten services is becoming too high for some families

<ul style="list-style-type: none"> Economic changes, such as drought, petrol costs and business closures, are reducing some families’ ability to pay fees. EYM organisations advised us that there is a growing cohort of disadvantaged families who are not able to pay fees and do not qualify for additional financial support. Families that do qualify have access to free or low-cost kindergarten, which makes up around 25 per cent of all enrolments. 	ECPAPAs and early childhood improvement branch managers promote available funding	<ul style="list-style-type: none"> KFS supplements ESK grants
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Issue 15: Some EYM organisations do not have the funds to provide additional supports to children with complex needs

<ul style="list-style-type: none"> While children with complex needs can access kindergarten programs, the availability and amount of funding impacts the level of support that can be provided to them at each service. There are limited or no support services for children with complex needs in some small rural communities. 	ECPAPAs promote available funding, grants and programs	<ul style="list-style-type: none"> School Readiness Funding ESK grants Access to Early Learning grant Kindergarten Inclusion Support Program Preschool Field Officer Program
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Issue 16: Not all councils choose to work closely with funded kindergarten services. For example, while some councils offer access to a central enrolment scheme and help service providers to enrol vulnerable children, others do not

Councils choose how closely they consult with EYM organisations. While the EYM organisations we audited reported that they have well-coordinated partnerships with some councils, they have minimal contact and involvement with other councils that do not have central enrolment schemes.

ECPAPAs create connections in local communities to strengthen partnerships

Central Enrolment Project grants

Highly skilled collaborative workforce

Issue 17: There are ongoing difficulties with recruiting and retaining a highly skilled workforce

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| <ul style="list-style-type: none"> • There is a reduced pool of available qualified and skilled staff due to increased demand driven by the rollout of Three-Year-Old Kindergarten. Staff are also moving to primary teaching positions that are more desirable and better paid. • There is a lack of qualified and skilled recruitment candidates. In particular, candidates are predominately newly qualified, but unskilled, graduates. • Rural EYM organisations cannot offer full-time roles to early childhood teachers to work across several services to achieve full-time hours. This is due to the excessive distances and travel time between services. • EYM organisations have noted a gradual movement of the workforce from sessional services to kindergarten integrated with long day care. • Some EYM organisations are planning improvement projects based on available funding, which is short term and ad hoc. This limits their ability to recruit and retain quality staff as they are unable to offer ongoing secure employment. | <ul style="list-style-type: none"> • ECPAPAs and early childhood improvement branch managers provide assistance and advice • ECPAPAs are discussing links in communities to support staffing • additional regional staff allocated to support EYM organisations | <ul style="list-style-type: none"> • recruitment agencies appointed for hard-to-recruit places • waivers to qualification requirements • scholarships for studying related qualifications and free TAFE • support grants • mentor program • rural relocation incentives • travel allowance • Early Childhood Teacher Supplements • Best Start, Best Life communications campaign • service provider and university partnerships |
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Issue 18: There is an ever-increasing demand on educators

There is an increased number of vulnerable and complex children and families, which puts additional pressure and expectations on early childhood teachers.

ECPAPAs and early childhood improvement branch managers provide assistance and advice

Preschool Field Officer Program

Issue 19: Backfill staff are unavailable

<i>Gap or challenge and contributing factors</i>	<i>DET regional support</i>	<i>DET central support</i>
There is limited availability of backfill staff in rural areas to relieve educators and give them time to participate in professional training.	ECPAPAs and early childhood improvement branch managers provide assistance and advice	workforce incentives for rural services

Issue 20: EYM organisations do not have the funds to invest in professional development

This funding is not specifically included in EYM grants, but is an expectation of the EYM program's outcomes	ECPAPAs promote workshops and provide available information	<ul style="list-style-type: none"> • EYM and non-EYM funding and grants • Employment and Management Development Kit • performance management practice workshops for employers and managers
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Source: VAGO.