



NSW Department of
Community Services

REPORT ON ALLOCATION OF ASSISTANCE UNDER THE PRESCHOOL INVESTMENT AND REFORM PLAN VIABILITY FUNDING ROUND

Background

In May 2006 the NSW Government announced the Preschool Investment and Reform Plan (PIRP) to strengthen the community based preschool sector. The plan represents an investment of \$85 million and aims to improve preschool access in NSW by stabilising the existing system, creating extra places for children and making it easier for those from disadvantaged backgrounds to participate in a preschool program.

The objective of Viability Funding was to improve the viability and affordability of existing preschool services and to move to a more equitable distribution of funding across NSW. \$17.6 million was available in this Viability Funding round over 2006/07 and 2007/08.

There were four types **of viability assistance**:

- Operational funding
- Fee-relief funding
- One-off capital improvement funding
- Service analysis and business development support

DoCS funded and licensed preschools were eligible to apply for all four types of assistance and DoCS funded long day care services could apply for service analysis and business development support. The Guidelines for Viability Funding prioritised the operational and fee-relief categories without setting limits on any category.

Further background on the viability funding round can be found on the DoCS website by visiting www.community.nsw.gov.au

In December 2006, the Minister for Community Services endorsed the allocation of viability funding to 539 services worth \$17.6 million. Services then received a letter from the Director-General with details of the type and level of Viability Funding to their service in year 1 (2006/07) and year 2 (2007/08).

Number of viability funding assistances

The table below provides a summary of the funding and business support allocations to all service types for the two years of the Viability Funding.

Type of Assistance	Number of Services
Operational funding	323
Fee-relief funding	248
One-off capital improvement funding	129
Business Support	302

Regional allocations

The table below shows the distribution of funding across DoCS Regions.

Region	\$	Number of services assisted
Metro Central	1,272,434	68
Metro South West	698,734	36
Metro West	1,220,054	57
Hunter / Central Coast	2,484,046	74
Northern	4,082,962	127
Southern	2,422,447	63
Western	4,532,323	114
Totals	16,713,000	539

Service Analysis and Business Development Support

Under the Viability Funding round, 302 services received service analysis and business development support, consisting of 280 preschools and 22 long day care providers.

This support will assist community based preschool providers to develop a business plan through on-line resources, face-to-face workshops and support for business planning, and advice via a 'help desk'. Support will be provided by two firms experienced in working with community services organisations, the Miller Group, and Matrix on Board.

Analysis of the outcomes of the funding allocation

The table below shows that successful preschools tended to be in areas of higher disadvantage (measured by the percentage of children in each Local Government Area (LGA) aged 3 to 5 with family income below \$31,500 p.a)

In terms of funding per child, lower-income LGAs received a higher amount of funding compared to higher-income LGAs.

The table below indicates the distribution of viability funding by factors of disadvantage and funding per child.

All LGAs		Total Funding Allocated (\$'m)	Allocated Funding per 3-5 yo Child in LGA	Number of Successful Applicant Services
Affluent	20%	\$1.7	\$35	72
	20%	\$2.9	\$87	86
Middle	20%	\$3.0	\$140	89
	20%	\$4.1	\$259	88
Lowest	20%	\$5.1	\$287	121
Total		\$16.9	n/a	456

Comparison of the fee levels in services that received funding

Sixty (60) per cent of services that received funding had fees at or above the state-wide average (\$24.76 per day). These services received a total of \$9.8 million funding.

Seventy-seven (77) per cent of services that received funding had fees at or above the state-wide average or within 10% of that average. These services received a total of \$12.5 million funding.

Eighty-eight (88) per cent of services that received funding had fees at or above the state-wide average or within 20% of that average. These services received a total of \$14.1 million funding.

Funding outcomes for Aboriginal services

There are 35 DoCS funded and licensed preschools that are managed by an Aboriginal organisation primarily for Aboriginal children and 12 DoCS funded and licensed Aboriginal long day care providers in NSW. A total of 23 of these services applied for funding - 1 Long Day Care service and 22 Preschools. This equates to approx 70% of DoCS funded and licensed Aboriginal preschool providers submitting applications for funding.

Twenty one (21) of these services received assistance under the Viability Round, and were granted a total of \$1,108,773 over the two funding years.

This equates to approximately 6% of total viability funding awarded, while Aboriginal services equate to approximately 4% of the services that were eligible for financial assistance under the viability round.