This information sheet has been compiled by DEECD and MAV in response to requests from local government for an explanation of the DEECD MCH funding formula and for clarification of how the unit price for MCH services was determined.


Page 23 of the PRG explains the DEECD funding formula for the Universal service made up of the 10 Key Ages and Stages visits plus the flexible service capacity component, and the funding for the Enhanced MCH service, fully funded by DEECD. Page 34 has an example worksheet to assist managers or Coordinators in applying the flexible funding component to their council MCH service.

The PRG is currently being reviewed to reflect the new Key Ages and Stages (KAS) service activity framework. The funding explanations contained in the PRG 2006 remain current at the time of production of this Information Sheet. Any changes will be notified.

How was the revised Unit Price for Maternal and Child Health service developed?

Estimated reasonable costs for the Maternal and Child Health service were determined from an annual ‘point in time’ large survey of MCH nurse and co-ordination/administration labour costs and a small survey of selected councils for labour and other costs. Both surveys and analysis were conducted by MAV in late 2007. The small survey included 12 councils from metropolitan, interface, and regional and rural councils. The large annual survey of 35 councils is representative of the full range of council types.

The ‘other costs’ analysed in the small survey include: labour costs, ordinary hours and over-time, materials & consumables, vehicle and travel costs, training, equipment, other direct costs, IT, HR/payroll/risk, financial services, promotion/advertising, other corporate overheads, accommodation & utilities, co-ordination & administration, management.

The reasonable costs derived from MAV's survey and analysis was used as the basis of the final negotiated unit cost agreed between MAV and DEECD.

What is the assumed salary rate for a Maternal and Child Health nurse?

Actual MCH salaries are determined by individual Enterprise Bargaining Agreements at each council and are determined by qualifications, years of service and additional loadings for responsibilities such as being a Coordinator. For the purpose of determining the MCH unit price the MAV survey results for administrative staff, MCH nurse and MCH Coordinator salaries were used. These salaries were all significantly higher than the relevant award rates. For example, the average MCH nurse salary (not including Coordinators) was $71,500, which was indexed by 4% to bring into the 2008-09 financial year. Average Coordinator salaries were higher than this; administrative salaries considerably lower than the salary paid to MCH nurses. On-costs were added, as were accommodation and all other costs including for example management, printing, training, furniture, equipment and HR costs.
How does the Memorandum of Understanding address concerns expressed by councils that the MCH unit price is already out of date because of the timing of the survey?

Data from the survey was used to develop a reasonable cost for 2007-08, the financial year in which the study was conducted. This unit cost was indexed for the 2008-09 financial year bringing it to $75.63. The new unit cost of $75.63 for 2008-09 is approximately 10% higher than the 2008-09 MCH unit cost of $68.70 applied in June 2008 and will provide a significant funding increase to all MCH services across Victoria.

How is the Unit Price indexed?

The Government’s contribution to the MCH service is maintained over time by annual Non-Government Organisation (NGO) price index adjustments. In 2008/09 the MCH unit price was indexed by 2.9%.

What is and isn’t funded by DEECD for MCH services?

DEECD funds 50% of the Universal MCH service defined as:
- the 10 key age and stage consultations specified in the PRG;
- the flexible service capacity, equivalent to an average of 35 per cent of the funding for the 10 key age and stage consultations; and
- the weightings component to address rurality and disadvantage issues between different councils.

The amount provided to local councils through the service agreements reflects the State government portion of funding only.

Additional universal consultations are not funded by DEECD and are not included in the 50:50 split between state and local governments.

DEECD funds 100% of the Enhanced MCH service and the MCH Line.

Councils are encouraged to take the opportunity to review their current MCH practices, local priorities and DEECD parameters with the implementation of the new service activity framework. The annual MCH data report (municipality, region and statewide) allows comparison with other services and the state as a whole.

What data is used to calculate the funding allocation to councils for the key ages and stages (KAS) consultations?

Funding for the universal MCH service includes funding for the 10 specified KAS consultations, a flexible funding component and a weighting component. The MCH funding formula for the 10 KAS consultations is based on the number of children enrolled in the service at 0–1 years, 1–2 years, 3–4 years and the total number enrolled from 0-6 years. The formula is weighted to provide additional funding based on low socio-economic status and rurality. Full participation of all enrolled children is assumed for the purposes of funding.

Any additional universal consultations provided by councils that are not listed in the ten agreed KAS visits are not funded by DEECD and are expected to be fully funded by local councils.

Funding is determined by March data provided by councils. It is therefore very important that this data collection is accurate and timely. This allows funding to vary from year to year according to population growth and socioeconomic factors. Councils are encouraged to monitor trends in service demand regularly and plan for their anticipated funding allocation.

What amount of time is allocated for each of the KAS visits for the purpose of funding?

DEECD has allocated the following time for each of the KAS consultations. These times reflect an average over the spectrum of clients seen and it is assumed that some clients will need considerably less time and some more. Times indicated include an administration component.

<table>
<thead>
<tr>
<th>KAS consultation</th>
<th>Time allocation</th>
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</thead>
<tbody>
<tr>
<td>Home visit</td>
<td>1 hour</td>
</tr>
<tr>
<td>2 weeks</td>
<td>30 mins*</td>
</tr>
<tr>
<td>4 weeks</td>
<td>1 hour*</td>
</tr>
<tr>
<td>8 weeks</td>
<td>30 mins</td>
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<tr>
<td>4 months</td>
<td>30 mins</td>
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<tr>
<td>8 months</td>
<td>45 mins</td>
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<tr>
<td>12 months</td>
<td>30 mins</td>
</tr>
<tr>
<td>18 months</td>
<td>45 mins</td>
</tr>
<tr>
<td>2 years</td>
<td>30 mins</td>
</tr>
<tr>
<td>3–5 years</td>
<td>45 mins</td>
</tr>
</tbody>
</table>
The Enhanced MCH service is fully funded by DEECD and uses as its base the same unit cost as the Universal service. It is calculated to allow 15 hours per client in metropolitan areas and 17 hours per client in rural areas. The number of clients/targets is determined by socio-economic status and rurality. Each council is informed of the amount of funding and the service targets in the annual funding and service agreement.

EMCH activities are designed to respond to the needs of families at risk of poor outcomes. A list of risk factors for poor outcomes is provided in the PRG on page 12 and a description of the EMCH funding formula is found on page 23. It is expected that EMCH activities are tailored according to the available funding.

What is the funding formula for the flexible capacity component of the universal MCH service?

The funding formula for the flexible service capacity component of the universal MCH service is outlined on page 23 of the PRG. The final amount is equivalent to an average of 35 per cent of the funding for the 10 key age and stage consultations across all 79 local government areas.

Councils are required to offer new parent groups; other components are determined by the council to meet local demands and needs within the categories outlined on page 11 of the PRG. An example of a flexible service capacity plan is provided on page 34 of the PRG.

Will DEECD increase their funding if participation rates go up and staffing requirements also increase?

The universal MCH service is funded for 100% participation. The DEECD MCH annual report indicates that actual participation rates are around 65% at 2 years and 58% at 3.5 years, therefore funding should be sufficient to support increased participation.

Implementation of the new KAS service activity framework may require more time than currently allowed. Will this be reflected in increased funding from DEECD?

The revised KAS service activity framework is intended to streamline consultations by involving parents in reporting on their own child’s development and concerns the parent may have. The evaluation of the implementation of the new framework in the four pilot sites showed that in many instances consultations were shorter, for example when a child compares favourably to normal parameters of growth and development and the parent has no particular concerns.

The funding formula works on an average time required to complete a consultation. It is assumed that some consultations will take considerably less time than allowed and some more but that this will balance out overall.