



ANZSOG Case Program

Universal preschool: the rocky path to policy change

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For Wendy Jarvie and her team at the Department of Education, Australia's change of government on 24 November 2007 was momentous. The incoming Rudd government's 'Education Revolution' included a commitment to fund universal access to preschool education for the nation's four year olds. Jarvie's research team had watched the international evidence building about the importance of preschool for future literacy and learning. At the same time they had seen preschool enrolments falling, and Australia's international student assessment rankings also declining. For three decades, both Coalition and Labor governments had concentrated on opening up the child care market, leaving preschool¹ programs to the states and territories. At last, the team believed, there might be a path for repositioning preschool and reasserting a central role for the Commonwealth government.

A session of preschool or a day in child care?

Preschool, defined as a structured play-based learning program delivered by a degree-qualified teacher, is aimed principally at children in the year before they begin full-time schooling. While free or part-funded depending on the jurisdiction, it is usually offered only as part-time sessions. For working parents, child care offered the advantage of being available for a full day, and from a baby's first weeks of life. However, in 2007 there were no national standards for preschool (wherever it was offered) in terms of teacher qualifications or curriculum, and preschool (often called 'early learning') was often delivered in child care centres without a formal curriculum or qualified teacher.

This case was written by Dr Trish Mercer, Australia and New Zealand School of Government Visiting Fellow, Australian National University, with editorial assistance from Janet Tyson, Australia and New Zealand School of Government. It has been prepared from field research and from published material as a basis for class discussion rather than to illustrate either effective or ineffective handling of a managerial situation. The assistance of Russell Ayres and Wendy Jarvie with the preparation of this material is appreciated, but responsibility for the final content rests with ANZSOG.

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¹ Preschool is alternatively known as 'kindergarten' in a number of States such as Victoria.

Between 1983 and 1996, under the Hawke-Keating Labor Governments, child care became a major policy agenda as Australia's long term economic prosperity was linked to boosting women's workforce participation. The Australian Council of Trade Unions (ACTU) supported the Government's 1990 decision to open up fee relief to families using commercial child care. This policy move precipitated the rapid entry of the private, for-profit sector into the child care market, producing a significant expansion of long-day child care centres and available places. Other changes severed Commonwealth block funding for preschool to the States, inferring that preschool was solely a state matter. Policy responsibility sat with the Commonwealth Department of Families, Community Services and Indigenous Affairs (FaCSIA), with a limited role for Education, which funded some preschool for Indigenous children.

The Howard Coalition Government (1996-2007) pursued a child care policy centred on supporting families to make their own choices for their children. In a quasi-voucher arrangement introduced in 2000, child care payments were made directly to parents and carers, and from 2005 these payments could alternatively be claimed as a tax rebate. The affordability and accessibility of child care dominated policy debates in the first decade of the new century, with the issue of quality taking a back seat. Media attention was focused on the growing market share of the corporate players, and in particular the aggressive business practices of ABC Learning, the largest child care provider, which by 2007 operated nearly 1000 centres.

Meanwhile, parents wanting their child to have preschool education faced a lottery depending on their geographic location and family circumstances. A 'potpourri' of different services was on offer. Children could start preschool as young as three and a half in New South Wales in community preschools which charged fees, or attend free government preschool in Tasmania once they turned 4, but in Queensland, government preschools had been closed to help fund an additional year of formal schooling. Some preschools were funded and delivered by State education departments, others by non-government organisations subvented by States but usually with special provision for Indigenous or disadvantaged children. Some high fee-paying independent (non-government) schools had begun to offer school-based preschool, while only New South Wales regulated teacher qualifications and curriculum content for 'early learning' programs offered in long day-care centres.

The Productivity Commission reported for 2007-08 that just under 70% of the country's four to five year-olds were enrolled in preschool and that the 'dose' they received averaged between 11 and 13 hours of preschool per week.² Moreover, disadvantaged groups, such as Indigenous children in remote communities, were likely to be worse off. Every year, the Organisation for Economic Co-operation and Development (OECD) showed Australia in a bottom ranking position in terms of its percentage of GDP spent on 'pre-primary education' investment (*Exhibit 1*).

The human capital benefits of preschool education

When Wendy Jarvie came into her new role as Deputy Secretary in the Department of Education, Science and Training (DEST) in 2001, the human capital benefits of preschool education were beginning to attract serious national and international attention. The DEST Secretary had identified preschool as an emerging issue, and established a small policy unit and research fellowships. The same year, the Commonwealth Government set up a Task Force for Early Childhood Development and Wellbeing, and provided research funding to a new non-government body, the Australian Research Alliance on Children and Youth.

In February 2006, visiting Nobel Laureate James Heckman presented powerful research showing the high returns from early years' investment compared to later interventions for school aged children

² Steering Committee for the Review of Government Services Provision, (2009), *Report on Government Services 2009*, Volume 1, Productivity Commission, Melbourne, Table 3A, p 12. The Commission also drew attention to issues of data quality and over-reporting.

and young adults (*Exhibit 2*). His visit prompted strong public support for investment in early childhood education, with champions including Commonwealth Treasury Secretary Ken Henry and the Business Council of Australia. Both Victoria and South Australia reviewed their early childhood education policies, and Premier Steve Bracks positioned Victoria as a 'strategic state' for a proposed national 'human capital reform agenda'. This agenda aimed to stimulate national productivity growth through targeted interventions in social policy areas, including education. At the Council of Australian Government (COAG) meeting on 10 February 2006, the early childhood area was formally added to this human capital agenda.

This COAG decision precipitated a flurry of activity for Jarvie and her small team of preschool policy advisers. In a working group of Commonwealth and State representatives from central agencies and education and community services departments, debate on various policy options seesawed back and forth, hindered by the different positions adopted by jurisdictions and uncertainty as to whether the Commonwealth would put funding offers on the table. Anticipation of a significant initiative finally disappeared at the April 2007 COAG meeting when Prime Minister John Howard agreed only to the development of a national approach for quality assurance and regulation of the early childhood sector.

Preschool becomes an electoral battleground

In the election year of 2007, the Howard Government's social policy flagship was the Northern Territory Emergency Response.³ Its child care policy, based on choice and market provision, remained silent on preschool while providing 'choice for families – and especially women – in their work and caring arrangements'.⁴

Education was a major point of policy difference for the Opposition, under its new leader, Kevin Rudd, who had been elected in December 2006. Emboldened by healthy Budget surpluses, Labor would offer big spending promises as key productivity investments. Pre-empting John Howard's COAG announcement, in January 2007 Labor published *New Directions for Early Childhood Education*, a policy platform setting out Australia's comparatively weak performance and low investment in preschool. Labor's key promise (*Exhibit 3 phase 1*) was that, by 2013, every four-year-old child in Australia would have access to 15 hours a week of high quality preschool delivered by a fully qualified teacher; the paper however did not expand on how such change might be achieved in this timeframe. The cost when fully implemented would be \$450 million per annum. The underlying aim was to return responsibility for national leadership on preschool and child care to the Commonwealth Department of Education.

When Labor finally released its *Plan for Early Childhood* during the election campaign in November, this and other related commitments (such as a workforce strategy and a national curriculum) had become an integrated package with health, child development and child care initiatives. Labor's largest financial commitment to early childhood was a promise to increase from 30% to 50% the Commonwealth contribution to out-of-pocket child care expenses of working families at an estimated additional cost of nearly \$1.5 billion over four years.⁵ Universal access to preschool was nevertheless seen as a signature promise: Rudd made frequent appearances in preschools and child care centres during the election campaign. In addition, preschool was singled out as an example of Rudd's intent

³ The 'NT Emergency Response' was an urgent intervention initiated by the Howard Government in mid 2007 following a major Aboriginal child protection report, which involved controversial measures implemented in 73 remote communities, such as alcohol restrictions, mandatory school attendance and part-quarantining of income support payments. Such strong central government intervention is seen as characteristic of the Howard Government's approach to social policy in its final term. J Walter with T Moore, (2010), *What were they thinking? The politics of ideas in Australia*, Sydney, University of New South Wales Press, p 346.

⁴ Coalition, *Better Child Care for Families*, Election 2007 Policy, 12 November, p 16.

⁵ Australian Labor Party, *Labor's Plan for Early Childhood*, Election 2007 Policy Document, 22 October, p 4.

for a 'new federalism' to end the 'blame game' between levels of government by establishing cooperative intergovernmental relations.

A cracking pace

Newly elected Prime Minister Rudd set a cracking pace as he took advantage of the all-Labor leadership at Federal and State level. Just before Christmas 2007, COAG endorsed urgent reforms of federal financial relations to create 'a new model of cooperation underpinned by more effective working arrangements'.⁶ The novel approach it adopted was to have Commonwealth Ministers chairing Commonwealth-State working groups of officials for seven specified reform areas. More than 90 Specific Purpose Payments (or SPPs, as these States' grants were known) would be replaced by a small number of targeted funding arrangements. Hundreds of issues were to be resolved within very tight deadlines.

Jarvie, still at work at 7 pm on Christmas Eve, was already experiencing the relentless pace of the new administration. As promised by Rudd, early childhood education and child care had moved to the Department of Education which, with Employment and Workplace Relations, had been merged to form the Department of Education, Employment and Workplace Relations (DEEWR). The new 'super-minister' was Deputy Prime Minister Julia Gillard, who would chair the Productivity Agenda Working Group (PAWG), the Commonwealth-State working group for the reform area of early childhood, education and training. To support PAWG's work, Jarvie would chair an Early Childhood Development Subgroup of senior officials from central agencies and line departments.

On 13 February 2008, as Kevin Rudd was in Canberra delivering his celebrated Apology ('Sorry' speech) to the 'Stolen Generations', the Early Childhood Development Subgroup, meeting in Sydney, was confronting some of the grinding realities of the policy development required to achieve Labor's preschool vision. Victoria and South Australia were pushing strong state-directed agendas; New South Wales and Queensland, sensitive to the lower preschool attendance in their states, were adopting a defensive posture; and other states and territories were taking a low profile. Jarvie later reflected that inevitably the Commonwealth needed to adopt a mediating role, as it would take several meetings for these senior officials from Prime Minister and Cabinet, Premiers, Treasury, Finance, Education and Community Services to understand the many service delivery challenges that had to be resolved in an area that had previously been left to the states and territories.⁷

Reaching for the sky

During his *Sorry* speech, the Prime Minister had added the 'hard' but 'not impossible' challenge of having every Indigenous four-year-old in a remote Aboriginal community attending a quality early childhood education program by 2013. The March 2008 COAG meeting accepted this aspiration as a new target. At the '2020 Ideas' Summit the following month, Rudd took as his 'big idea' the concept of integrating early childhood interventions through child and family centres. In July, this became part of a COAG agreement to develop a national strategy for early childhood development⁸.

Jarvie and her colleagues on the Early Childhood Development Subgroup now began work on a broad canvas of early childhood reform, spanning the interrelated spheres of education, families, health and Indigenous affairs. With the map of the new federalism being drawn up concurrently, it was a fluid, volatile agenda, where advice over core funding and policy issues changed rapidly. Ultimately, after considerable debate, implementation plans for the Commonwealth's major election commitments

⁶ COAG, (2007), *Communiqué*, 20 December 2007, Canberra, p 1.

http://www.coag.gov.au/intergov_agreements/federal_financial_relations/index.cfm

⁷ Interview with Dr Wendy Jarvie, former Deputy Secretary in DEEWR, January 2011.

⁸ COAG, (2008), *Communiqués*, 26 March 2008, p 4 and 3 July 2008, p5, Canberra,

http://www.coag.gov.au/intergov_agreements/federal_financial_relations/index.cfm

captured a number of other early childhood initiatives, including a measure of school-readiness, quality standards for child care and preschool, and a bold commitment for 260 new 'early learning centres' (*Exhibit 3, phase 2*)

In the Government's first budget, prepared to a truncated timeline by May 2008, Julia Gillard reported on the targets (including universal access to preschool) that had secured COAG's signoff, as well as an agreed human capital framework of aspirational goals, objectives, outcomes and outputs from early childhood through to mature-age learning. Indicating the significance of the early childhood commitments, there was \$533 million over four years for universal preschool access, and \$1.6 billion for increases in the Child Care Rebate.⁹

Weathering a challenging transition

As chairs of the reform-focussed Working Groups, ministers faced a 'punishing' workload. For Gillard, chair of PAWG, this was on top of her introduction to the senior role of Deputy Prime Minister and the 'double' workload of her mega portfolio with reforms to both workplace relations and higher education. The new minister had little time to focus on early childhood.

First time MP Maxine McKew, the Parliamentary Secretary for Early Childhood, was based in Rudd's portfolio. While McKew established a 'workable'¹⁰ relationship with Gillard, the two did not have regular meetings and few advisory staff in Gillard's office had experience of early childhood policy. McKew felt a personal responsibility to ensure the government would deliver on its commitments, especially nationally consistent quality standards for childcare and preschool.¹¹ At the same time, she was frustrated that her views were not sought on related COAG issues such as teacher training. State ministers with responsibility for early childhood shared a similar frustration, which they vented at Ministerial Council meetings, putting Gillard's negotiating skills to the test.

In this year of difficult deadlines and COAG-directed workload, it was hard for Jarvie and her senior staff to establish strong working relationships with their political leaders. Access to Gillard was mostly confined to the pre-briefings and meetings of PAWG, while access generally to ministers and senior officials for Senior Executive Service Band 1 and executive officers was more restricted than during the Howard years. The relentless pace and confidential nature of the COAG work severely restricted their capacity to build connections with key stakeholders across the community services and education sectors: formal consultations with non-government stakeholders were infrequent, closely scripted and essentially a one-way communication.

Effective communication and co-ordination was also a challenge within the 'joined up' department of DEEWR. As well, there were difficulties in establishing the new Office of Early Childhood Education and Child Care (OECECC), intended to support Gillard and McKew in implementing the Government's expansive early childhood agenda. Experienced staff had been reluctant to make the move from the Families Department (now Families, Housing, Community Services and Indigenous Affairs – FaHCSIA) that had successfully fought to hold on to research funds and parenting programs. At various times, on different reforms, the OECECC staff of 'newbies' worked with assistance from secondees from the states, academic experts, and high profile consultants. Operational and 'hot' issues consumed any available time for reflection.¹² In particular, from early 2008, OECECC was closely involved in

⁹ Commonwealth of Australia (2008), *Budget The Education Revolution*, Statement by the Hon Julia Gillard MP, May, Canberra, pp. 31, 33.

¹⁰ McKew considered however that it 'could have been a lot better'. Maxine McKew (2013), *Tales From the Political Trenches*, Updated Edition, Melbourne University Press, Melbourne, p 122.

¹¹ As she later reflected: 'In the early months of 2008 I was so anxious about how the government would deliver on its commitment for universal access to preschool, particularly for children in remote Aboriginal communities, I felt I almost had to make a bolt to Fitzroy Crossing and teach the kiddies myself!'. McKew (2013), p 95.

¹² Interview with Wendy Jarvie, former Deputy Secretary in DEEWR and the first head of OECECC, January 2011.

monitoring the high profile implosion and final insolvency of ABC Learning (which had accounted for 20% of Australia's child care market). This huge pressure point for the OECECC was only relieved with the establishment, in September 2008, of a separate Child Care Industry Taskforce.

Turbulent times and impossible deadlines

As the year 2008 progressed, the COAG working groups were 'flagging under the load' of meeting deadlines,¹³ while political and economic developments were dampening the federal government's expansive reform appetite. Politically, the fragile unity of COAG was broken when Colin Barnett's Liberal National Coalition won the Western Australian election, but the most significant impact was the evolving global financial crisis (GFC). From October 2008 to mid-2009, the government went into hyperactive 'GFC fire-fighting mode'. Deputy Prime Minister Julia Gillard was a key member of the Strategic Priorities and Budget Committee (SPBC) along with Prime Minister Rudd, Treasurer Wayne Swan and Finance Minister Lindsay Tanner. They met almost every day with Ken Henry and his senior Treasury colleagues. In what Gillard described as 'high-adrenaline, high-octane politics'¹⁴, SPBC took decisions on virtually every facet of government at the federal level, far beyond the immediate economic crisis.

During this period of highly centralised and crisis-driven policy-making, it became harder to secure clear advice from central agencies, and discussion of big cross-sectoral issues such as the development of quality standards for child care and preschool and also the whole of government early childhood development strategy was postponed. Gillard's workload further increased as public servants, wary of Rudd's micromanagement and indecision, relied on her as Acting Prime Minister to take decisions during his frequent overseas trips.¹⁵

On 29 November 2008, at the final COAG meeting for the year, the historic Intergovernmental Agreement on Federal Financial Relations was announced.¹⁶ After frenetic final bargaining, over 90 Special Purpose Payments were reduced to five National Agreements. A new vehicle, National Partnership Payments, would support project delivery or drive reforms of national importance such as early childhood education. Under a five-year National Partnership agreement, the Commonwealth would now provide \$955m directly to States and Territories to implement the universal access to preschool commitment by 2013, with an additional \$15m retained as a national pool for data development and evaluation (*Exhibit 3, Phase 3*).

'It was all new'

As Russell Ayres, one of Wendy Jarvie's key Branch managers who remained at OECCEC after she retired, noted about the universal preschool initiative:

It was all new. It was new (and major) funding; it was a new form of intergovernmental agreement; and it was a new way for government to work with the early childhood education and care sector (at least at the national level).¹⁷

And the change was rapid: by the end of 2008, education and child care were integrated in the Education Department in every state except New South Wales and Western Australia. The trade-off was that the complexity of preschool delivery systems had been left largely intact. Preschool

¹³ Wanna, J. (2010), 'Issues and agendas for the term', in C. Aulich and M. Evans, *The Rudd Government Australian Commonwealth Administration 2007-2010*, Canberra, ANU E Press, p 23.

¹⁴ Julia Gillard, (2014), *My Story*, Melbourne, Knopf Australia, p 11.

¹⁵ M. Evans (2010), 'The rise and fall of the magic kingdom: understanding Kevin Rudd's domestic statecraft', in Aulich and Evans, *The Rudd Government*, p 269.

¹⁶ COAG (2008), *Intergovernmental Agreement on Federal Financial Relations*, December 2008, Canberra http://www.coag.gov.au/intergov_agreements/federal_financial_relations/index.cfm

¹⁷ Interview with Dr Russell Ayres, OECECC, January 2011.

remained a state responsibility, subject to the development of bilateral plans with the Commonwealth to deliver the core commitment of universal access.

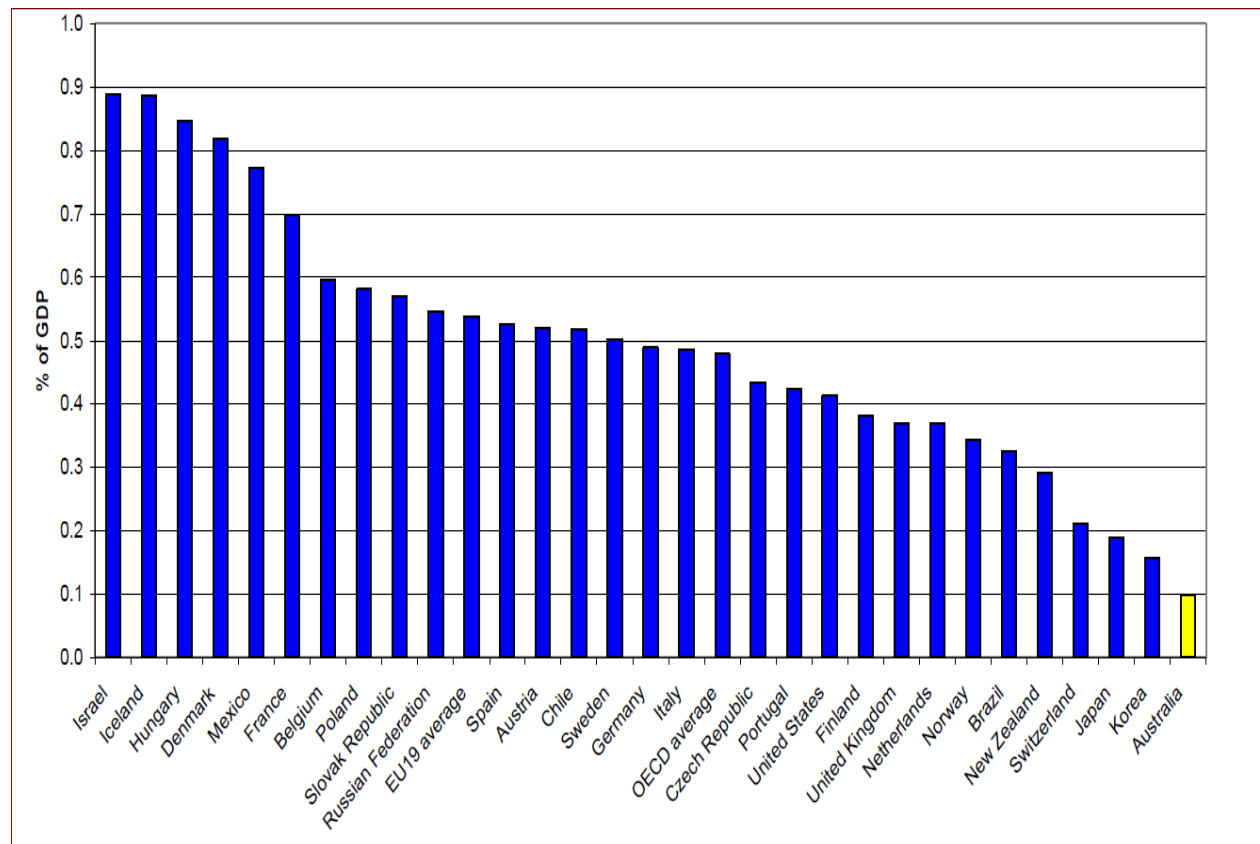
‘We now have nationwide early childhood education,’ Kevin Rudd said, listing his achievements after he was replaced as Prime Minister by Julia Gillard in June 2010.¹⁸ In fact, this commitment had only partially been achieved, but Rudd nevertheless had ensured that universal access to preschool for Australia’s four year olds was a priority reform.

By the time Rudd returned in June 2013 for his second short-lived period as Prime Minister, the improvement in preschool enrolment had been dramatic: the Australian Bureau of Statistics had reported in 2012 that 89% of children across the country (and 82% of Indigenous children) were enrolled in preschool in the year before formal schooling.¹⁹ It was a notable achievement. But a national agreement (to replace the time-limited national partnership) had not eventuated by the September 2013 national election, and thus the long-term sustainability of this policy reform would be left in the hands of the next government.

¹⁸ M. Evans, (2010), ‘The rise and fall of the magic kingdom: understanding Kevin Rudd’s domestic statecraft’, in Aulich and Evans, *The Rudd Government*, p 270.

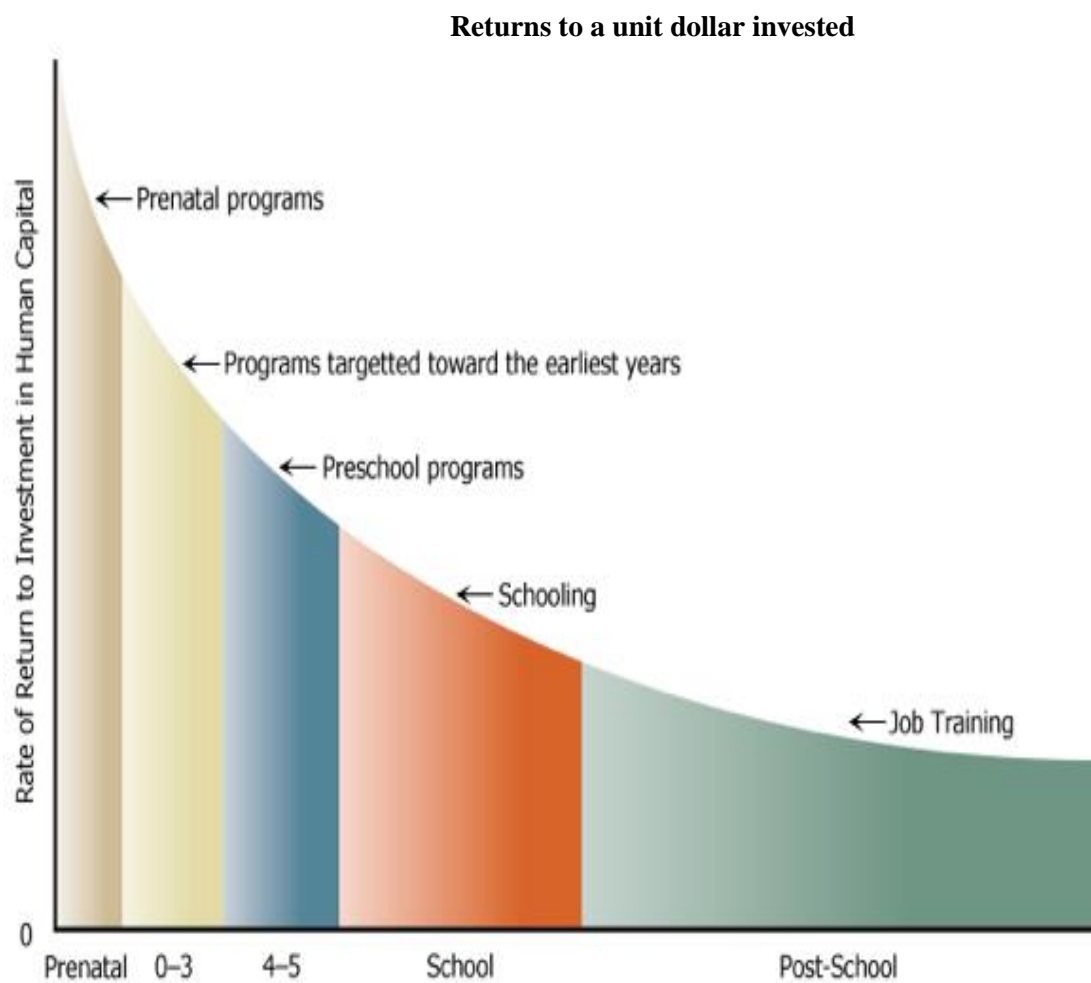
¹⁹ Figures cited in: DEEWR, (August 2013) *Child Care in Australia*, Commonwealth Government, Canberra.

Exhibit 1 Expenditure on pre-primary education (for children aged 3 years and older) as a percentage of GDP (2005), from public and private sources



Source: Organisation for Economic Co-operation and Development (OECD), (2006) *Education at a Glance Report*, Table B2.1c.

Exhibit 2 Human capital returns from early intervention



Source: Heckman (2008)

Source: J Heckman (2008), *Schools, Skills, and Synapses Slideshow* Chicago: University of Chicago.
heckmanequation.org Accessed 5 March 2015.

Exhibit 3 The Early Childhood Development (ECD) Subgroup Work Program, 2008

