

ANZSOG Case Program

Universal preschool: the rocky path to policy change (TEACHING NOTE)

2016-176.2

Synopsis of case

In November 2007, the outcome of the federal election heralded a significant political transition: Labor was returned to office after 11 years in opposition, with neither its new Prime Minister (Kevin Rudd) nor Deputy Prime Minister (Julia Gillard) having held ministerial positions. 'Kevin '07' had been elected with a so-called 'Education Revolution' reform agenda that included a big undertaking to fund universal preschool access in the year before formal schooling for the nation's 4 year olds. The previous Hawke and Keating Labor governments (1983-96) had directed their energy into opening up the child care market, to support working mothers. The following Howard Coalition government was very supportive of private child care provision and offering choice for parents. Since the mid 1980s, preschool provision (other than Indigenous preschool) had been left to State governments and private and community providers.

Preschool education had effectively become the poor cousin to child care, until the economic benefits of human capital investment in the early childhood years and specifically in preschool, began attracting high profile attention internationally. In Australia, the Victorian government finally secured COAG's agreement in February 2006 to add 'early childhood education' to the human capital reform agenda designed to lift the country's productivity. However, the legacy of diverse service delivery and funding arrangements around preschool and child care and the absence of a unifying quality assurance regulatory system, ensured that this was a complex area for policy intervention, even more so when preschool also became a point of significant differentiation between the major parties in the 2007 election campaign.

This teaching note was prepared by Dr Trish Mercer, Australia and New Zealand School of Government Visiting Fellow, Australian National University, to support the teaching of the case study 2016-176.1. The use of teaching materials is restricted to authorised persons.

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Labor's first year in office was seen by observers as hectic and tumultuous, with Rudd's frenetic prime ministerial style very evident and the global financial crisis increasingly occupying the Government's attention during 2008. Gillard took the super portfolio of education, employment and workplace relations, which now included early childhood education and child care. Rudd's choice for parliamentary secretary for early childhood was the ex ABC journalist and novice MP Maxine McKew, who had something to prove both to her party and the media. The pace of life created additional difficulties for senior bureaucrats in the new super department, such as Wendy Jarvie, who were seeking to establish effective relationships both with the political layer and the key stakeholders. Wendy was an experienced bureaucrat who had also worked in the World Bank in Washington. Establishing her new Office of Early Childhood Education and Child Care (OECECC) inside DEEWR and developing implementation plans for Labor's early childhood reforms was particularly challenging in this high-adrenaline environment, especially when universal preschool was caught up in the major intergovernmental exercise to streamline federal financial relations with the States. Despite a COAG commitment to achieve universal access to preschool by 2013 through one of the new national partnership arrangements, there was no guarantee that the reform process would endure.

How can this case be used?

The case can be taught from a number of complementary angles, including:

- How policy change can be a protracted process
- Examining how bureaucrats approach an emerging policy issue
- Managing a political transition, and
- Understanding how policy implementation can be impacted by the environment a government faces and institutional constraints.

The protracted process of achieving policy change

Robyn Hollander and Haig Patapan (2007) in their study of federalism under the Hawke/Keating and Howard governments, assert that these governments exercised a pragmatic federalism which was problem-defined and problem driven. They employ J. W. Kingdon's analysis of the policy process as a set of three distinct 'streams': problem, policy and politics. When these streams come together at a particular time, a 'window' for policy change occurs. This schema can be tested by the class (in plenary or small groups) to see if it helps to explain what happened in terms of preschool policy in 2007:

- Was there a sufficiently compelling case (problem) to be addressed at the national level?
- How did the opportunity emerge for a policy solution to be proposed?

Governments are constantly pushed to address pressing public problems. Deliberate inaction is a choice they may take, particularly in today's media obsessed world. The Labor and Liberal parties were presented with the same weight of evidence from international evidence and national pressure to act. Two different interpretations of why Howard chose **not** to invest in a national preschool initiative can be tested with the class:

- *It was a case of good policy but bad politics.* Employing Hollander and Patapan's 'pragmatic federalism' interpretation of Howard's approach, it could be argued that Howard simply decided that the political 'payback' from tackling this complicated policy area was not sufficient.
 - The media reported at the time that Howard was 'furious' that Labor gazumped the Coalition by announcing right at the start of the election year (January) that it would

fund a major preschool reform initiative, and therefore pre-empted the COAG-driven process that Howard was involved in (the next COAG meeting was in April 2007).

- *It reflects the classic Left-Right divide in Australian politics.* More recently, Alan Fenna (2014) has argued conversely that parties do matter and that the major parties remain ideologically distinct (and are perceived as such by voters): therefore the Labor/Liberal divide is still fundamental to the framing of political issues, although in office turning platforms into programs is potentially constrained by economic circumstances and institutional obstacles. If parties matter in terms of policy orientation, it could be argued that the Howard government was blindsided by its philosophical preference for 'private' over 'public' action, which informed its decade-long policy of encouraging privately provided child care for working families. Universal preschool could also be seen in conservative quarters as intruding on a family's right to decide what was best for their child.
 - Given the polarised intergovernmental environment which Howard faced in his fourth term, moving on preschool meant not only supporting the public provision of preschool but also dealing with a phalanx of all-Labor State governments.

In debating these potentially differing interpretations of Howard's motivation, an instructor could circulate the extracts in Attachment A from the **election policies** that Howard and Rudd took to the November 2007 election – what insights do they provide into philosophical or other differences between the two major parties? Rather than one or the other, is it possible that both interpretations help to explain why Howard eventually decided to resist a policy shift to actively support preschool provision

- In terms of the pressure on Howard to move on this preschool problem, State premiers were pushing the cause of preschool through COAG and publicly through the media and there was widespread expectation inside Canberra from around mid-2006 until just before the April 2007 COAG meeting that Howard would act on preschool. Two of his most senior bureaucrats (Ken Henry in Treasury and Peter Boxall in Employment) had publicly supported preschool as an effective early childhood intervention.

Handling an emerging policy issue

Anthony Downs has employed the label 'issue attention cycle' to highlight how the media cycle imposes pressure on ministers and public servants to respond urgently to a particular policy problem (cited in Althaus, Bridgman and Davis, 2013, 51). Before decisions may have been made or certainly implemented, public attention has moved to the next interesting problem. Within a '24/7' media environment, this cycle can occur many times for a complex policy issue where solutions may be difficult and/or costly and resource-intensive. Public servants need to be alert to signals that an issue is likely to emerge (or re-emerge) as a policy problem, and ready to brief their minister or staffers accordingly.

At least some in the class may be familiar with Mark Moore's **Strategic Management Triangle** (2003, 22-23) and how he crafts his definition of policy around a story of how public enterprises create public value in just such a way. His triangle has been adapted by Claudia Scott and Karen Baehler in their **Policy Work Triangle** (2010, 13-16): they place 'strategic policy' at the apex, and emphasise the role of public servants in policy development to act as 'the eyes and ears of government', by alerting their ministers to emerging as well as current problems and opportunities.

Applying these concepts to the preschool case, it was clear from the early 2000s that preschool interest was escalating in terms of the 'issue attention cycle'. The class can be asked to consider the difficulties facing Wendy Jarvie as Deputy Secretary in Education during the final years of the Howard

government, when her department was not formally responsible for preschool but interest at the intergovernmental and community level was intense:

- In the real world, with straitened resources, how do senior managers make the difficult choices about where to direct their human and financial resources, in terms of prioritising proactive work to anticipate future agendas?
- And how much attention can public servants legitimately pay to a possible area of government interest – particularly if their department is not functionally responsible for this policy area?

Managing a political transition

For public servants and their leaders, a change of government represents a major challenge: at the federal level in 2007-08, the APS needed to understand and be seen by its new political leaders to understand their political priorities and election commitments and, moreover, to be ready to implement these new policies and programs expeditiously. But the timeframes for such implementation were ridiculously compressed. There is general agreement on the difficult transition to office made by the first Rudd Labor government. Just as they might have been settling into a less chaotic style of governing, the supercharged political environment produced by the global financial crisis put them firmly into a crisis mode of operating.

For the federal education minister and her bureaucrats, the situation in 2008 could have been compared to a ‘perfect storm’:

- *First*, the new government had committed in its first month to a far-reaching and urgent review of the architecture of federal financial relations which would involve a dramatic reduction in the number and nature of specific purpose payments for the States across health, community services, Indigenous services, and education and training. There was no precedent for what Gary Banks (then Productivity Commissioner) described as the ‘novel design’ of this exercise (2009, 20), with Federal ministers chairing working groups of senior Commonwealth and State bureaucrats to develop the new payment arrangements – a highly demanding arrangement quickly disbanded after the new agreement was signed in early 2009.
- *Second*, Rudd was absolutely determined to progress all of Labor’s election commitments at a furious pace and there was close monitoring by Prime Minister and Cabinet of departmental progress. To indicate the significance of the early childhood commitments, the first Rudd budget in May 2008 included \$A533 million over 4 years for universal preschool access and \$A1.6 billion for increases in the Child Care rebate, as well as several other smaller early childhood measures (Commonwealth of Australia, 2008, 31, 33).
- *Third*, child care was the ‘hot’ issue in terms of access and cost – and from early 2008, the new Office of Early Childhood Education and Child Care was involved in intensively monitoring the financial collapse of the corporate child care provider ABC Learning, and advising the government on the situation and options for the Commonwealth’s response. ABC with 1,000 centres, over 16,000 staff and 100,000 children represented some 20% of the child care market (Sumsion, 2013, 214) – a major corporate collapse and potentially a major hole in the market.
- And finally, from mid-year on, the depth of the global financial crisis was a major concern for the government. Julia Gillard (2014, 10) has captured the depth of concern this engendered:

It is hard now, in a country that never went into recession, to describe the emotions and pressures of those days. Put simply, the GFC ushered in the unbridled fear that comes from having no ability to predict what might happen

next. ... Was Australia about to be hit by bank failures, queues of people wanting to withdraw deposits degenerating into riots, mass unemployment, suicides? It all seemed heart-stoppingly possible.

Despite this near 'perfect storm', Wendy as a senior bureaucrat needed to build effective working relationships and trust with Gillard and McKew and their offices, despite the tensions between these two offices and the rapid turnover of advisers in their offices. Both Gillard and McKew (2013, 122) would make clear in their later memoirs that their working relationship was not strong; Gillard would relate an incident in which she had to retrieve the situation on the important issue of quality standards at a ministerial meeting due to what she saw as McKew's misreading of State ministerial support (2014, 271-72).

To draw out the learnings from this experience of working with a new government in turbulent times, the following questions could be employed:

- How would the class rate this environment in terms of added layers of difficulty in managing the transition for a new government? Is the label of a near 'perfect storm' appropriate or hyperbole?
- Were there any positives that Wendy could employ to assist her relationship building with the political layer: for example, frequent access to Gillard, McKew and their offices due to the high priority of the Commonwealth-State COAG work; correspondingly close contact with PM&C, Treasury and Finance; Budget and legislative priority and support for early childhood commitments.
- What would such a supercharged political environment have meant for those trying to handle the workload involved in such significant machinery of government changes (for example, establishing the massive new DEEWR, and agreeing on the people and programs to transfer into the OECECC)? How do you sustain morale and begin to build a new culture in these circumstances?

Achieving successful policy implementation

In *The Rudd Government* (2010, 30), John Wanna's verdict is that Rudd will be remembered as 'a prime minister who promised much, but who actually achieved relatively little'. In the same publication, Mark Evans (2010, 272) lists seven 'policy debacles' (of which there was one child care promise) to illustrate his view that Rudd was unable to carry major policy promises through to implementation. During 2008, the media began to label the new regime as the 'government of announcements' and Rudd himself as 'Captain Chaos'.

'Nationwide' preschool was 1 of the 23 achievements Rudd claimed in his farewell speech in June 2010 (Evans, 2010, 270) – a premature claim, but certainly there had been a dramatic increase in preschool enrolments by the time of his second short-lived prime ministership in June 2013. And Gillard, in her chronicle of her prime ministerial years, also claimed the signing of the national partnership agreement on preschool as a 'proud' achievement of the Rudd government (2014, 271).

The following points could be used to guide class discussion as to whether these two Labor leaders were justified in claiming this as a successful policy implementation:

A. Planning

Careful planning is seen as a *sine qua non* for successful implementation of any significant initiative. In Opposition, even with assistance from friendly State governments (in this case, Victoria), there is neither the time nor the capability to develop a full understanding of a policy problem and the options available to government.

By rushing into a major reform of federal financial relations which incorporated this long neglected policy space of preschool, did Labor truncate any 'policy cycle' process of achieving

robust policy design by allowing insufficient time for issue identification and policy analysis? Were there obvious consequences of this haste and compressed planning?

- Do public servants have any ‘political capital’ with a new government to push their new political leaders to consider other options for implementation – in this case, involving other players such as child care providers and non-government schools, if only to build a coalition of support? If this had happened, would there have been an opportunity to build a national system for preschool and child care, or was the ‘deal’ already done (at least implicitly) with State Labor governments that they would retain responsibility for preschool delivery in their respective jurisdictions?

B. *Consultation*

Public policy experts (for example, Paul ‘t Hart (2011, 209) underline the importance of building a broad support base that will protect a reform from those who seek to resist or reshape it. In regard to the preschool promise, the COAG working group process during 2008 was a straitjacket which allowed only infrequent, formalised consultations with key stakeholders – although McKew, operating outside this, was able to sound out key stakeholders directly and frequently on the associated election commitment of national quality standards for child care and preschool.

- Did this all-consuming, Commonwealth/State focused COAG process get in the way of the bureaucrats and their minister developing their understanding of the on-the-ground realities of diverse preschool and child care delivery across the country? Was this token consultative effort likely to hinder the progress towards universal access implementation in the following years?

C. *Policy capability*

Wendy and her colleagues had ‘won’ a trifecta in terms of workload: new policy responsibilities for both preschool and child care; a major machinery of government transition to establish the new Office in a new department; and the only Commonwealth chair of a Subgroup reporting to the Deputy Prime Minister’s Productivity Agenda Working Group.

- Do governments especially new governments have any understanding of, or tolerance for, the time needed to develop policy capability in a new or neglected area of policy?
- Do governments have any understanding of the resources consumed by a significant machinery of government change?

Target audience

Senior public sector managers; middle managers including those undertaking master’s programs. It could also be appropriate for postgraduate students with an interest in political transitions, policy development and policy implementation.

Suggested student assignments

1. *The policy window*

- (a) How do public servants judge or sense when a ‘policy window’ may be opening? What actions can/should they take to facilitate this? How much and what investment is appropriate to build capability in an emerging policy issue, which may or may not disappear (if only to resurface in the future)? How is or should this be influenced by a department’s mandate in the policy area?

- (b) How do public servants build their resilience in dealing with the 'issue attention cycle' under which an unresolved policy issue may continue to attract media attention at regular or sporadic intervals and over several years? What can and should they do to prepare for the fluctuating interest by the public and ministers in a complex and/or intransigent policy area?

2. *Impact of ideology on parties*

To what extent should public servants seek to understand the impact of a government's ideology on a particular policy area? Where does the line fall between understanding and politicisation of the service, in terms for example of briefings and discussions with the Minister or his/her staff?

3. *Political transitions*

- (a) How can departments use the caretaker period, including but not only through the preparation of the incoming government briefs, to build their understanding of the policy agendas of the next government? How is this different for a return of government or a change of government?
- (b) How can middle level public servants work and plan to adjust as quickly as possible to the operating style of a new government? How much does this involve personal initiative as well as departmental processes to inform staff? How does this level establish relationships with, and/or get to understand the expectations and knowledge base, of their minister(s)' advisers?

4. *Commonwealth-State relations*

- (a) Is consistency possible when nine jurisdictions need to agree on a common course of policy action? Does national consistency matter?
- (b) Drawing on the particular case of preschool, what does this demonstrate in terms of how a complex policy reform with multiple stakeholders can be addressed through a federal system? Was COAG the most appropriate process, what were its drawbacks?

5. *Policy implementation*

How would you describe DEEWR's process of implementing the Rudd Government's universal access to preschool for 4 year olds by 2013? What would you do differently? What was particular about this process which assisted or hindered the policy implementation?

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Attachment A: Extracts from Election Policy documents, 2007

Coalition Government, Better Child Care for Families

Policy rationale:

The Coalition recognises that families are seeking to take advantage of the employment opportunities provided by our strong and growing national economy.

The Coalition also recognises families need support to balance their family and work commitments.

That is why the Coalition has been investing over many years to double the number of child care places across Australia, to increase financial subsidies to cut the cost of child care for families, and to raise the standards of child care services. ...

Through our comprehensive child care plan, the Coalition will continue to give Australian families more choice and more support to balance their family and work commitments in the way that suits their individual needs, values and aspirations.

This unprecedented support can only be provided to Australian families because of the Coalition's strong economic management.

We understand that this is an investment in our nation's most precious resource – our children.

Australian Labor Party, Labor's Plan for Early Childhood

Policy rationale:

Our children's early years are arguably their most important.

Federal Labor understands that investing in the health, education, development and care of our young is a sensible investment that benefits the individual, our community and the economy.

International research demonstrates that investment in the early years yields a high rate of return measured in terms of individual achievement, productivity and participation. ...

Despite these clear social and economic benefits, Australia's investment in early education is only one fifth of the OECD average, placing us at the bottom of the ladder of developed nations. Federal Labor has set out an ambitious and comprehensive plan to address this deficit and provide a stronger platform for our children. ...

Under a Rudd Labor Government, the early years will be a national priority.