

The Auditor-General  
Audit Report No.10 2011–12  
Performance Audit

# **Administration of the National Partnership on Early Childhood Education**

**Department of Education, Employment and Workplace Relations**

Australian National Audit Office

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Canberra ACT  
3 November 2011

Dear Mr President  
Dear Mr Speaker

The Australian National Audit Office has undertaken an independent performance audit in the Department of Education, Employment and Workplace Relations in accordance with the authority contained in the *Auditor-General Act 1997*. I present the report of this audit and the accompanying brochure to the Parliament. The report is titled *Administration of the National Partnership on Early Childhood Education*.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's Homepage—<http://www.anao.gov.au>.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian McPhee', is positioned above the printed name.

Ian McPhee  
Auditor-General

The Honourable the President of the Senate  
The Honourable the Speaker of the House of Representatives  
Parliament House  
Canberra ACT

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For further information contact:

**The Publications Manager**  
**Australian National Audit Office**  
**GPO Box 707**  
**Canberra ACT 2601**

**Telephone:** (02) 6203 7505  
**Fax:** (02) 6203 7519  
**Email:** [webmaster@anao.gov.au](mailto:webmaster@anao.gov.au)

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### **Audit Team**

Richard Lansdowne  
Shona Virdi  
Rowena Hayman  
Stuart Turnbull

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# Abbreviations

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ABS	Australian Bureau of Statistics
AEYSOC	Australian Education, Early Childhood Development and Youth Affairs Senior Officials Committee
AIHW	Australian Institute of Health and Welfare
COAG	Council of Australian Governments
CRC	COAG Reform Council
DEEWR	Department of Education, Employment and Workplace Relations
ECDSG	Early Childhood Data Sub-Group
ECDWG	Early Childhood Development Working Group
ECE	Early Childhood Education
ECEC	Early Childhood Education and Care (i.e. includes child care)
FMA Act	<i>Financial Management and Accountability Act 1997</i>
FMA Regulations	<i>Financial Management and Accountability Regulations 2007</i>
IGA FFR	Intergovernmental Agreement on Federal Financial Relations
MCEECDYA	Ministerial Council for Education, Early Childhood Development and Youth Affairs
NEA	National Education Agreement
NMDS	National Minimum Data Set

NP ECE	National Partnership Agreement on Early Childhood Education
PBS	Portfolio Budget Statements
SATE	State and territory expert
TAFE	Technical And Further Education



# Glossary

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Bilateral agreement	An agreement between the Commonwealth and a state or territory providing specific performance benchmarks and specific implementation arrangements, such as reporting and governance. The bilateral agreements provide additional detail to the arrangements described in the NP ECE.
Data Capability Report	A report provided by states and territories to DEEWR which provides details of the specific data sources and data values used as the basis of performance reporting under the NP ECE.
Early childhood	The period from birth to age eight years.
Early childhood education and care	Incorporates child care and/or standalone preschool for children between birth and five years of age. Services are delivered through the government or non-government sectors, where the latter includes community and private, for profit and not for profit providers.
Early childhood education program	An alternative term to a 'preschool program'.
Enrolment (in relation to ECE)	Enrolment means a child is on the 'roll' for a preschool program, regardless of where that program is accessed.
Indigenous	People who identify as Aboriginal and/or Torres Strait Islander.
Outcomes	The results, impacts or consequence of actions by the Australian Government on the Australian community.
Preschool program	A structured, play-based early childhood education program. Alternative terms currently used for preschool in some jurisdictions include 'kindergarten', 'pre-prep' and 'reception'.

Program delegate	The person authorised by a jurisdiction to lodge reports and take related actions in relation to the NP ECE.
Quality (in relation to ECE)	A service (child care and/or standalone preschool) is provided in accordance with current quality assurance and regulatory requirements.
Report on Government Services	A report prepared annually by the Productivity Commission which contains performance information on 15 broad service areas (including early childhood education and care) delivered by Australian governments. The services reported on have similar objectives across jurisdictions (lending themselves to comparative performance reporting); and they make an important contribution to the community and/or economy.
Universal access (to Early Childhood Education)	A commitment expressed by COAG in the National Partnership Agreement on Early Childhood Education, which covers issues of access, quality, cost and duration for children in the year before school. Some public information issued by DEEWR and others (such as brochures and publicity material) related to the NP ECE is issued giving prominence to the term <i>universal access</i> .

# **Summary and Recommendations**



# Summary

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## Introduction

1. The Commonwealth, state and territory governments have acknowledged that high quality early childhood services help give children the best possible start in life, and help parents to be active participants in the workforce and in community life.<sup>1</sup> However, many Australian children have not had access to preschool programs.<sup>2</sup>
2. There are a variety of approaches to delivering preschool programs across Australia. For example, in some jurisdictions preschool is mainly delivered as part of the school system, while in others there is significant provision of preschool by government funded community groups and in childcare centres.
3. The average hours per week of preschool offered in 2008 varied across jurisdictions from 10 to 13 hours. The rate of enrolment in preschool also varied considerably: some jurisdictions had enrolment at or in excess of 95 per cent; several had enrolment from 80 to 90 percent; and Queensland, due to the introduction of a preparatory year of school in 2007, had an enrolment rate of 29 per cent.

## National Partnership on Early Childhood Education

4. To help provide universal access to preschool programs by 2013 and to continue improvements in service quality, in November 2008 the Council of Australian Governments (COAG) agreed to a National Partnership on Early Childhood Education (NP ECE). The main features of this agreement are:
  - The Commonwealth provides the states and territories with new funding of \$970 million over five years commencing 2008–09.
  - The states and territories arrange delivery of expanded early childhood education with the new Commonwealth funding and, at a minimum,

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<sup>1</sup> Adapted from paragraph 8 of the National Partnership on Early Childhood Education.

<sup>2</sup> For example, the 2011 Report on Government Services indicates that in 2009–10, an estimated 68 per cent of children nationally, in the year before commencement of full time schooling, were enrolled in state and territory government funded and/or provided preschools.

maintain their own contribution. In 2007–08 states and territories spent some \$565 million on preschool.

- At the commencement, and subsequently on acceptance of regular progress reports, the Commonwealth transfers agreed funds to the states and territories. The payments are lower initially during the early implementation phase, and increase to \$450 million in 2012–13.

5. The key outcome sought for the NP ECE is that in the year before formal schooling all children have access to an affordable, quality preschool program.<sup>3</sup>

6. The specific goals of the NP ECE are that: children have universal access to a preschool program for 15 hours per week, 40 weeks per year; and preschool programs are delivered across a range of settings<sup>4</sup> at a cost which is not a barrier to access, by teachers who are four-year university trained and early childhood qualified. The NP ECE goal of universal access is measured by a target enrolment rate of 95 per cent, on the basis that enrolment is voluntary. The NP ECE also includes specific targets of 95 per cent for the enrolment rates for disadvantaged and Indigenous children.

7. Achieving universal access to early childhood education by 2013 is a challenging goal. The combined effect of higher enrolment rates, higher hours per week and population growth implies an approximately 60 per cent increase over five years in the total number of hours of enrolment by children in preschool programs.<sup>5</sup>

8. The NP ECE defined six specific performance indicators to measure progress towards the agreed outcome. In addition, through the NP ECE, the Commonwealth, state and territory governments resolved that a comprehensive national evaluation would be undertaken throughout the life of the agreement.

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<sup>3</sup> The NP ECE defines a preschool program as structured, play-based early childhood education. Alternative terms for preschool in some jurisdictions include 'kindergarten', 'pre-prep' and 'reception'. It is also useful to note that preschool programs may be delivered in a childcare centre, by providing specific activities in addition to standard child care.

<sup>4</sup> For example, some families may find ECE delivered through child care is more accessible, while other families may find that school-based ECE is more accessible.

<sup>5</sup> ANAO analysis of the 2008 starting points reported by states and territories in their NP ECE Data Capability Reports, compared to the NP ECE goals.

9. The Department of Education, Employment and Workplace Relations (DEEWR) has broad policy responsibility for improved access to quality services that support early childhood learning and care for children. In terms of the NP ECE, DEEWR's major responsibilities were to: work with states and territories to develop bilateral agreements under the National Partnership for ministerial consideration; lead development of a national Aboriginal and Torres Strait Islander Universal Access Strategy; and undertake ongoing roles such as assessing progress and providing advice to the Minister.

10. The NP ECE is one of some 20 national partnerships agreed to by COAG since 2008. This national partnership approach to program delivery and reform was introduced as one aspect of broader reforms to federal financial relations. Significant funding is now provided through national partnerships—for example approximately \$17 billion in 2010–11.<sup>6</sup>

## Audit objective, criteria and scope

11. The audit objective was to assess the effectiveness of DEEWR's administration of the initial phases of the NP ECE. The high-level criteria used to make this assessment were the appropriateness of DEEWR's:

- establishment of a sound foundation for implementation, including implementation plans, monitoring arrangements and an Indigenous strategy for universal access; and
- ongoing monitoring and support activities, including assessing progress reports, making payments, maintaining relationships, improving data quality and public reporting.

12. The audit report summarises the progress reported by the states and territories in relation to the NP ECE. The report also includes case studies of preschools and childcare centres which have expanded services because of the NP ECE.

13. The audit did not independently assess the rate of progress by jurisdictions, or assess the adequacy of funding. These issues are considered separately by reviews and evaluations reporting to the relevant COAG

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<sup>6</sup> Commonwealth of Australia, *Portfolio Budget Statements 2010-11 Treasury Portfolio*, Commonwealth of Australia, Australia, 2010, p. 52.

ministerial committee. The audit also did not assess the specific use of the NP ECE funding by states and territories.

14. The main component of the ANAO's fieldwork was conducted in DEEWR's National Office in Canberra. The ANAO visited five state and territory agencies for discussions about the partnership approach adopted by DEEWR.

## Overall conclusion

15. The goal of providing universal access to early childhood education by 2013 has the potential to make a real difference to the lives of many children and their families. The goal represents a substantial increase in the availability of preschool programs, and is being pursued through a partnership between the Commonwealth, as a significant new funder, and the states and territories with responsibility to manage service delivery and also as significant funders. The most significant increases in preschool programs, and 78 per cent of the total Commonwealth funding of \$970 million, are planned for the final two years of the NP ECE, 2011–12 and 2012–13.

16. For the first two years of the NP ECE, up to December 2010, states and territories predominantly report that progress is as planned, or better, in increasing preschool enrolment rates and the number of hours offered per week. In this regard, the preschool enrolment rate in New South Wales is reasonably high but increasing more slowly than planned<sup>7</sup>; and in Queensland the rate is low but increasing as planned. Mixed results are reported for increasing preschool enrolments for disadvantaged and Indigenous children, with some jurisdictions ahead and some behind plan, and with some uncertainty in the data.

17. Overall, DEEWR's administration of the initial phases of the NP ECE has been effective. Initial planning was generally sound—although the preparation of an Indigenous universal access strategy was slower than desirable—and ongoing administration has been well managed. This provides a good foundation for DEEWR to further develop its administrative approach

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<sup>7</sup> In response to the draft audit report, the New South Wales Office of Education advised that the New South Wales performance benchmarks for preschool enrolment rates may have been set at unrealistically high levels at the start of the NP ECE and, subject to agreement with the Commonwealth, may be adjusted.



as the NP ECE moves into the main expenditure and delivery phase in the next two years.

18. In terms of initial planning, following agreement to the NP ECE by COAG in November 2008, DEEWR had responsibility on behalf of its Minister to develop an appropriate administrative foundation for implementation. DEEWR generally worked effectively to develop individual NP ECE implementation plans with states and territories (called 'bilateral agreements') for ministerial consideration, including establishment of performance indicators and benchmarks through the plans to measure the transition to universal access. The department also established satisfactory arrangements for the detailed reporting and monitoring of progress against implementation plans for the NP ECE, although there was not as strong an approach to assessing delivery risks in light of key challenges, such as increasing the number of qualified teachers. In the context of steep increases in funding and delivery expectations scheduled over the next two years, the ANAO has recommended that DEEWR strengthen its assessment of delivery risks, to help inform advice to the Minister on the anticipated achievement of outcomes and possible responses to any emerging issues.

19. As part of initial planning, DEEWR coordinated preparation of an informative strategy document on achieving universal access to early childhood education (ECE) for Indigenous children. The strategy, however, was substantially developed after bilateral agreements were signed and was published halfway through the NP ECE. This reduced the opportunity for the strategy to focus activity being funded through the NP ECE in support of Indigenous universal access. Progress toward this goal will be assisted by DEEWR focusing on the reliable measurement of Indigenous participation in ECE, and promoting evaluation of the effectiveness of the various Indigenous-related initiatives under the strategy.

20. Following initial planning, DEEWR had ongoing responsibilities for monitoring and support activities. In this regard, DEEWR assessed progress reports and made payments satisfactorily; developed and maintained relationships with relevant state and territory agencies well; effectively coordinated action in relation to the quality of data to assess progress of the NP ECE; and complied with the formal requirements for public reporting on the NP ECE.

21. Although DEEWR (and other parties associated with the NP ECE) complied with the relevant public reporting requirements and much detailed

information is now available, it was not easy to access and readily understand NP ECE performance information. One of the objectives of the national partnership approach is to enhance the accountability of governments to the public through simpler, standardised and more transparent public performance reporting. The ANAO has recommended that, to support improved information to stakeholders and accountability, DEEWR provide access to timely, consolidated and clearly-presented NP ECE performance information at national, state and territory levels, alongside relevant background information.

**22.** The reforms to federal financial relations, which came into effect from January 2009, were intended to enhance accountability to the public for outcomes achieved or outputs delivered through Commonwealth, state and territory agreements and partnerships. Aspects of the NP ECE which support this objective include the establishment of suitable output-related performance indicators and benchmarks for the transition to universal access, annual progress reporting by states and territories against them, and commitment by governments to improving the quality of data to measure the status of early childhood education. In this context, the parties to the NP ECE have also agreed an evaluation strategy which more broadly considers effectiveness in terms of the impact of universal access on children's development and families. This is an important element of the agreement to inform governments of the impact of these additional measures to provide universal access to enhanced preschool programs by 2013. Consistent with the objectives of the COAG reforms, the audit highlights scope for DEEWR to further strengthen accountability through two recommendations directed towards heightened focus on potential risks to the delivery of anticipated outcomes, and improved presentation of publicly available performance information.

## **Key findings by chapter**

### **Establishing the Foundations for Implementing the National Partnership (Chapter 2)**

**23.** To give effect to the high-level goals of the NP ECE, bilateral agreements were made between the Australian Government and each jurisdiction. These bilateral agreements established state and territory implementation arrangements for the NP ECE, such as specific benchmarks for performance indicators. DEEWR's role was to work with officials from states

and territories to develop these agreements for consideration by the Commonwealth Minister and the minister from each jurisdiction.

24. DEEWR generally worked effectively within the framework of the NP ECE to develop the bilateral agreements for ministerial consideration:

- All bilateral agreements were signed within ten months of the national partnership being signed. This was reasonable in the context of a five-year agreement and the negotiation process.
- Detailed definitions and sources of data for performance indicators for each jurisdiction were developed, and intermediate performance benchmarks were generally set, which assists monitoring.<sup>8</sup> However, for a few indicators, there was scope to have improved the treatment of data difficulties so as to assist consolidated national reporting.
- The bilateral agreements signed by the Minister included performance benchmarks and payment schedules totalling \$955 million. Relevant briefings at the time by DEEWR to the Minister adequately described the context of the agreements, including funding amounts, but did not explain that the Minister would be exercising a power to approve expenditure, or facilitate documentation of this approval. Documentation relating to the expenditure approval was prepared during the course of the audit.

25. Having established broad partnership governance arrangements and specific output-related performance benchmarks for each year, DEEWR appropriately developed more detailed reporting and monitoring arrangements to help understand progress being reported by jurisdictions towards universal access to ECE, and to provide a basis for advising the Minister on the approval of payments. In this context, there are key challenges to achieving universal access, such as increasing teacher numbers and the availability of early childhood education facilities. DEEWR did not, however, have a strong approach in place for assessing delivery risks, to help inform advice to the Minister on the achievement of anticipated outcomes; potential policy responses to any emerging issues; and any related communications between the Minister and state and territory counterparts.

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<sup>8</sup> For example, performance benchmarks were set for the percentage of eligible children enrolled in preschool each year.

26. The NP ECE specified that the Commonwealth was responsible for leading the development of an 'Indigenous (including remote communities) universal access strategy'. DEEWR had carriage of this role for the Commonwealth.<sup>9</sup> A wide range of stakeholders were initially consulted by DEEWR in October 2009 on the strategy, with DEEWR subsequently working closely with state and territory officials on its development.

27. The national Aboriginal and Torres Strait Islander Universal Access Strategy was approved by the relevant COAG ministerial council in February 2011 and publicly released by DEEWR in June 2011. The strategy identifies four areas for focus, namely: increasing access to early childhood education; positive community awareness and engagement; quality early childhood programs and activities; and Aboriginal and Torres Strait Islander cultural awareness of teachers and support staff. The strategy lists many additional activities to those in bilateral agreements. Nonetheless, the fact that the strategy was substantially developed after the bilateral agreements were signed, and was released more than halfway through the life of the NP ECE, reduced the opportunity for the strategy to focus activity being funded through the NP ECE in support of Indigenous universal access.

### **Ongoing Monitoring and Activity in Support of Universal Access (Chapter 3)**

28. In accordance with the bilateral agreements, jurisdictions provide reports twice a year to DEEWR on activities and progress toward Universal Access. DEEWR assesses these reports, and provides advice to the Minister about their assessment and whether to make progress payments to the jurisdictions. DEEWR carried out the assessment and payment process effectively.

29. An important role in successful program delivery is developing and maintaining relationships with service partners and stakeholders. This is particularly important in the context of national partnership agreements, where the arrangements are a relatively new approach and where the parties have consciously reduced the degree of prescription in the arrangements. For the NP ECE, the key relationship for DEEWR is with the relevant agencies

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<sup>9</sup> In assessing the role of DEEWR, it is relevant to note that the NP ECE funding was provided as a total package for progress toward universal access. The NP ECE itself included a specific target for Indigenous children. There was no component of the overall funding made subject to agreement of a national Aboriginal and Torres Strait Islander Universal Access Strategy.

within state and territory governments. The ANAO interviewed officials from five of the eight jurisdictions who had dealt with DEEWR in the development and operation of the NP ECE. The overall view of those interviewed was that DEEWR had been professional and responsive, and had taken an effective partnership approach.

**30.** A focus on achieving agreed results, as used in national partnerships, relies on being able to reliably measure those results. The NP ECE noted there were a number of challenges to measuring progress—the foremost being the lack of nationally comparable data in areas such as participation in ECE and the qualifications of ECE teachers. To help address this challenge, the parties agreed in the NP ECE to work in partnership to develop the agreed data for performance measurement, with DEEWR responsible for coordinating these data improvement initiatives from a Commonwealth perspective. In this regard, DEEWR has effectively coordinated activities to improve the quality of data to help measure the progress of the NP ECE towards the goal of universal access. Important achievements include agreed national data definitions for ECE and an initial national statistical report.

**31.** The public reporting of information about government funded activities helps the Parliament and public understand how public money is being spent and whether the intended results are being achieved. There are specific reporting responsibilities associated with the NP ECE arising from Commonwealth public sector arrangements, such as Portfolio Budget Statements and annual reports; and from the NP ECE itself. DEEWR has complied with these formal requirements for reporting with regard to the NP ECE.

**32.** More broadly, to help interested parties assess the benefits being achieved in relation to the Commonwealth's NP ECE expenditure, information should be easily accessible which explains the context and reasoning for the expenditure, the existing and target situation, and provides regular and timely progress reports on a useful and comparable basis. In this regard, there remains scope to make it easier for stakeholders to find and understand consolidated performance information on the NP ECE. One of the objectives of the national partnership approach is to enhance the accountability of governments to the public through simpler, standardised and more transparent public performance reporting. DEEWR is well placed to further contribute to this goal because it already undertakes analysis of progress, and can readily provide access to stakeholders to timely, consolidated and

clearly-presented performance information at national, state and territory levels, alongside relevant background information.

33. The parties to the NP ECE have developed and overseen implementation of an evaluation strategy for the partnership. The initial focus of evaluations is on the achievement of immediate outcomes, such as increasing capacity and ensuring affordability. The evaluation strategy envisages a subsequent focus on longer-term outcomes, including jurisdictions achieving the targets set in the NP ECE, and the impact of preschool attendance on children's development and families. The first evaluation annual progress report was published in August 2011, including state and territory progress to 31 December 2009 and an early childhood development literature review. The longer-term focus of evaluations on the impact of the program will be important to inform governments of the effectiveness of these measures.

## Summary of agency response

34. DEEWR provided the following summary response to the audit report:

The Department of Education, Employment and Workplace Relations (DEEWR) appreciates the opportunity to participate in the Performance Audit of the Administration of the National Partnership on Early Childhood Education.

DEEWR welcomes the ANAO's findings that:

- Overall administration of the initial phases of the National Partnership on Early Childhood Education has been effective, initial planning was generally sound and ongoing administration has been well managed. The ANAO have concluded that, "This provides a good foundation for DEEWR to further develop its administrative approach as the National Partnership on Early Childhood Education moves into the main expenditure and delivery phase in the next two years."
- Development of bilateral agreements was effective with satisfactory arrangements in place for the reporting and monitoring of implementation plans.
- Stakeholder relationships were considered to be well managed by DEEWR.
- DEEWR has effectively coordinated activities to improve the quality of data to help measure the progress of the National Partnership on Early Childhood Education towards the goal of universal access.

DEEWR acknowledges that while the ANAO findings were generally positive toward DEEWR's administration of the National Partnership on Early Childhood Education there is further opportunity for improvement.

**35.** DEEWR agreed with the two recommendations in this report. DEEWR's responses to the recommendations are shown in the body of the report immediately after each recommendation. DEEWR's full response is included at Appendix 1 of this report.

**36.** Comments were also sought from the relevant agencies in New South Wales and Queensland on an extract of the draft report containing statistics and commentary pertaining to their jurisdictions. The response from the New South Wales Office of Education is provided in Appendix 1. The Queensland Department of Education and Training had no comments.

# Recommendations

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## **Recommendation No.1 (paragraph 2.49)**

In the context of the steep increases in Commonwealth funding and delivery expectations scheduled over the final two years of the National Partnership, the ANAO recommends that DEEWR strengthen assessment of the delivery risks, to help inform advice to the Minister on:

- achievement of anticipated outcomes;
- possible policy responses to any emerging issues; and
- any related communications between the Minister and state and territory counterparts.

**DEEWR Response:** Agreed

## **Recommendation No.2 (paragraph 3.67)**

The ANAO recommends that, to support improved information to stakeholders and accountability, DEEWR provides access to timely, consolidated and clearly-presented NP ECE performance information at national, and state and territory levels, alongside relevant background information.

**DEEWR Response:** Agreed



# **Audit Findings**



# 1. Introduction

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*This chapter provides an overview of the National Partnership on Early Childhood Education. It also outlines the audit approach and the structure of the report.*

## The commitment to universal access to early childhood education

**1.1** In November 2008 the Council of Australian Governments (COAG) endorsed a National Partnership on Early Childhood Education (NP ECE).<sup>10</sup> This agreement aimed to fulfil a 2007 Australian Labor Party election commitment to provide universal access to early childhood education. Under the agreement, the Commonwealth, state and territory governments committed to the goal that by 2013 every child will have access to a preschool program in the 12 months prior to full-time schooling. The NP ECE notes:

High quality early childhood services offer the productivity benefits of giving children the best possible start in life, and for parents, the opportunity to be active participants in the workforce or community life.<sup>11</sup>

**1.2** Historically there has been significant variety across Australia in early childhood education in terms of delivery systems (school, community, and child care settings), school starting ages, and levels of state or territory government expenditure. At the time the NP ECE was agreed, there was also wide variation in service levels between states and territories. For example, the rate of enrolment in preschool programs varied from 29 per cent to 98 per cent, and the proportion of programs offering the target number of hours varied from zero per cent to 29 per cent.<sup>12</sup>

**1.3** The Commonwealth committed \$970 million over five years (2008–09 to 2012–13) to support implementation of the NP ECE. The NP ECE allocated money to each jurisdiction primarily on the basis of the projected four-year-old population. Funding prior to the final year of the agreement also took into account each state's and territory's pre-existing level of service delivery in

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<sup>10</sup> National Partnership on Early Childhood Education [Internet], COAG, 2008, available from: <[http://www.coag.gov.au/intergov\\_agreements/federal\\_financial\\_relations/docs/national\\_partnership/national\\_partnership\\_on\\_early\\_childhood\\_education.pdf](http://www.coag.gov.au/intergov_agreements/federal_financial_relations/docs/national_partnership/national_partnership_on_early_childhood_education.pdf)> [accessed 1 June 2011].

<sup>11</sup> *ibid.*, paragraph 8.

<sup>12</sup> Appendix 2 provides additional information on early childhood education in Australia.

early childhood education, levels of socio-economic disadvantage and the need for remote and regional service delivery.

**1.4** The broad operation of the NP ECE is that:

- the National Partnership Agreement sets out high-level goals, funding, and governance arrangements;
- individual bilateral agreements between the Commonwealth and states and territories list performance benchmarks for each year and associated activities (known as deliverables) to be undertaken, and set out the reporting arrangements;
- the states and territories arrange delivery of expanded early childhood education with the new Commonwealth funding and, at a minimum, maintain their own contribution—for example, in 2007–08 states and territories spent some \$565 million on preschool<sup>13</sup>;
- at the commencement, and then subject to the Commonwealth's acceptance of regular progress reports<sup>14</sup>, the Commonwealth makes scheduled payments to the states and territories; and
- a review of the National Partnership Agreement would be undertaken after 18 months, including the adequacy of funding and the appropriateness of timelines.<sup>15</sup>

**1.5** An overview of the rates of enrolment in early childhood education by jurisdiction in the year the NP ECE was agreed, and the NP ECE goals, funding, and broad timetable is shown in Figure 1.1.

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<sup>13</sup> In paragraph 26(b) of the NP ECE, the states and territories committed to 'at a minimum, maintaining the current roles and level of effort in the delivery of preschool programs'.

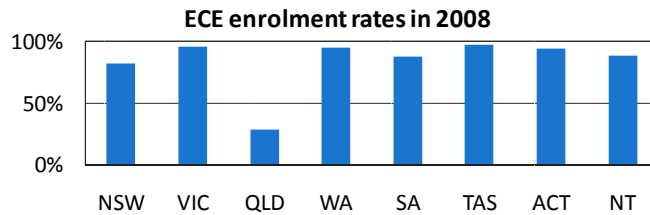
<sup>14</sup> Under the bilateral agreements, if a state or territory does not meet the agreed performance benchmarks and deliverables, the Commonwealth considers whether or not further payments should be made, and the timing and amount of such payments.

<sup>15</sup> DEEWR have advised that the relevant ministerial council is expected to consider the issues identified through the review in the third quarter of 2011.

**Figure 1.1****The National Partnership on Early Childhood Education at a glance**

There has been a wide variation across Australia in enrolment rates for early childhood education (ECE).<sup>16</sup>

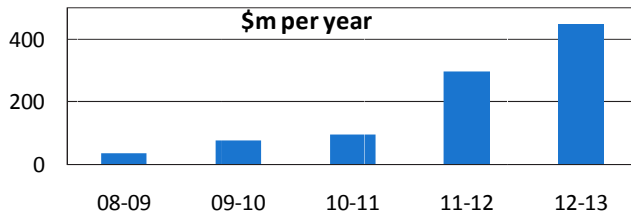
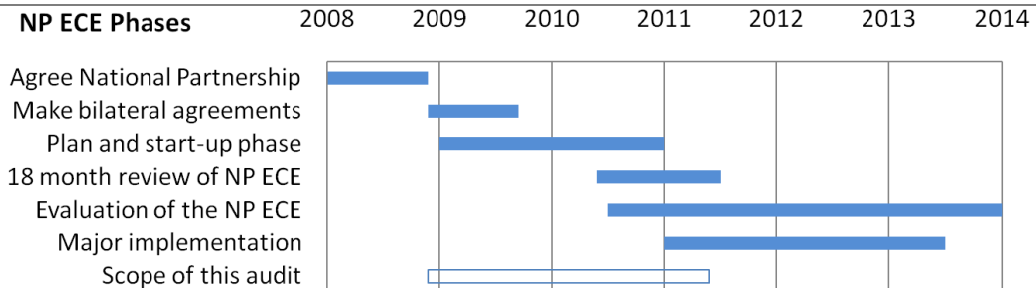
The NP ECE aims to achieve universal access to quality ECE by 2013.



The NP ECE goals involve a significant increase in service delivery over 5 years (about a 60% increase, due to higher hours, enrolment rates, and population).

- Increase enrolments from estimated 80% to 95% nationally
- Increase average hours offered per week from 11 to 15 nationally
- Programs to be delivered by four-year trained teachers who are early childhood qualified

Commonwealth funding of \$970m over 5 years; lower initially for early implementation, increasing to \$450m in 2012–13. (In 2007–08 states and territories expended about \$565m on preschool.)

**NP ECE Phases**

Source: ANAO analysis of the NP ECE, jurisdictions' NP ECE Data Capability Reports, and ABS population projections (Cat. 3222.0 four-year-olds, series B). Expenditure by states and territories on preschool is from the 2009 *Report on Government Services*

<sup>16</sup> The Australian Centre for Educational Research (ACER) has reported that 'Queensland's low participation rate ... is due to a reconfiguration of Queensland schooling in 2007 which caused preschools in that state to be re-badged as the first year of school. ... Queensland's introduction of a 'preparatory' year was enabled by making preschools 'prep'. There are now very few government preschools left in Queensland catering to four-year-olds'. ACER, *Preschool Education in Australia*, December 2009, p. 2.

## Outcomes, outputs and performance indicators

**1.6** In the NP ECE, the Australian, state and territory governments agreed to specific outcomes, outputs and performance indicators as shown in Table 1.1 below.

**Table 1.1**

### Agreed outcomes, and associated outputs and performance indicators

Outcomes	Outputs	Performance Indicators
All children have access to affordable, quality early childhood education in the year before formal schooling.	Children have universal access to a preschool program for 15 hours per week, 40 weeks per year.	<p>The proportion of children who are enrolled in (and attending, where possible to measure) a preschool program.</p> <p>The number of teachers delivering preschool programs who are four-year university trained and early childhood qualified.</p> <p>Hours per week of attendance (where possible to measure) at a preschool program.</p>
	Universal access to a preschool program is delivered across a range of settings at a cost which is not a barrier to access.	Distribution of children who attend a preschool program by weekly cost per child (after subsidies) as defined by jurisdictions.
	Disadvantaged children have universal access to a preschool program.	The proportion of disadvantaged children enrolled in (and attending, where possible to measure) a preschool program.
All Indigenous four-year-olds in remote Indigenous communities will have access to a quality early childhood education program.	Indigenous children (including those in remote Indigenous communities) enrolled in and attending a preschool program.	The proportion of Indigenous children (by geographic location as identified by the Australian Standard Geographic Classification), who are enrolled in (and attending, where possible to measure) a preschool program.

Source: NP ECE, Table 1

**1.7** States and territories annually report progress against agreed benchmarks for NP ECE performance indicators. Additionally, the NP ECE required that an evaluation of the agreement would be undertaken:

This agreement's effectiveness in achieving its outcomes will be determined through a comprehensive national evaluation to be undertaken throughout the life of the Agreement. The evaluation strategy will be developed by the Commonwealth in partnership with the States and Territories by 30 June 2009. The evaluation strategy will be consistent with any future decisions made by

COAG on this subject and will provide the framework for the final report to COAG in June 2014.<sup>17</sup>

## Governance arrangements

**1.8** The NP ECE was created within the partnership provisions of the Intergovernmental Agreement of Federal Financial Relations (IGA FFR) which came into effect on 1 January 2009. The IGA FFR sets out broad principles for the operation of such partnership agreements, including:

- a focus on achieving outcomes in a cooperative spirit between jurisdictions; and
- the Australian Government making payments for progress toward outcomes and outputs (rather than payments for inputs).

**1.9** Within the general arrangements for national partnerships, the NP ECE is based on a 'facilitation payment and joint investment approach', where the funding to states and territories is intended to assist in a significant reform.<sup>18</sup> The NP ECE was one of the earlier agreements negotiated under the IGA FFR and to some extent the parties involved were 'breaking new ground' as they developed the terms of agreement.

**1.10** As a National Partnership Agreement, most of the governance arrangements for the NP ECE are set and managed through COAG and associated sub-committees, and by arrangements set up by states and territories.

**1.11** The main governance committee for the NP ECE specifically is the NP ECE Implementation Sub-Committee, which is chaired by an official from DEEWR, and includes program delegates from the responsible agency in each state and territory. The NP ECE Implementation Sub-Committee reports to the Early Childhood Development Working Group, which has responsibility for coordinating a range of early childhood related initiatives agreed by COAG.

**1.12** The implementation of the NP ECE within each jurisdiction is managed by the relevant state or territory government. In each jurisdiction, the relevant agency has set up local governance committees. These typically are chaired by

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<sup>17</sup> NP ECE, paragraph 47.

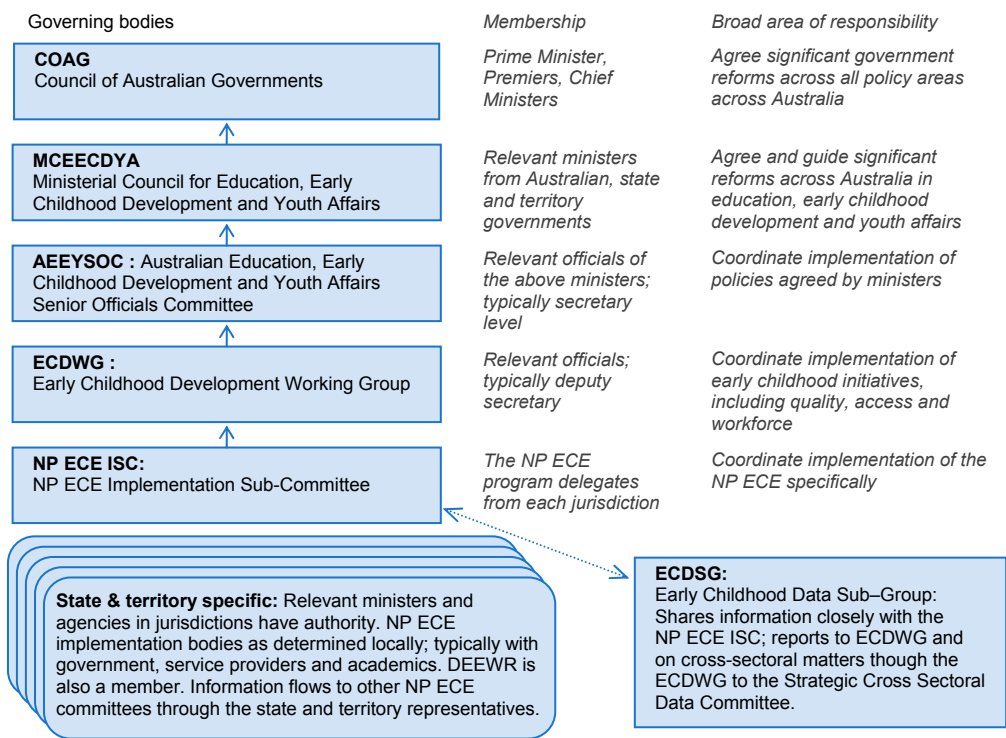
<sup>18</sup> A facilitation partnership is not intended as a fee-for-service arrangement with payment on completion of specific projects (such as 'construct a bridge') or reporting on the detailed use of funds.

the jurisdiction, and include membership from service provider groups, a DEEWR representative, and in some cases (as locally decided) relevant early childhood development academics and professionals, representatives of parents and Indigenous groups.

**1.13** The relevant NP ECE governance arrangements are shown in Figure 1.2 below.

**Figure 1.2**

**Governance arrangements for the NP ECE and associated agreements**



Source: ANAO, based on information provided by DEEWR

**Role of the Commonwealth**

**1.14** The specific responsibilities of the Commonwealth under the NP ECE include<sup>19</sup>:

- working with states and territories to implement their bilateral agreements for universal access;

<sup>19</sup> NP ECE paragraph 25.



- making a financial contribution to assist states to reach universal access;
- meeting the ongoing costs of implementing new approved child care places under child care assistance legislation; and
- leading the development of the national Aboriginal and Torres Strait Islander Universal Access Strategy.<sup>20</sup>

**1.15** The Commonwealth Department of Education, Employment and Workplace Relations has responsibility on behalf of its Minister for the administration of the NP ECE.

## Examples of implementation of the NP ECE

**1.16** To help provide a context for the audit, and to help understand the variety of ways in which state and territory governments have used the funds from the NP ECE, the ANAO visited four early childhood education services which had changed their delivery as a result of the NP ECE. The following case studies illustrate the variety of service delivery approaches across Australia.

**Table 1.2**

### Case studies of initial implementation of the NP ECE



The **City West Childcare Centre** is located in Adelaide city, near the Technical and Further Education (TAFE) College and University of South Australia City West Campus. Many of the parents who use the childcare centre are staff or students at University of South Australia and TAFE. The centre had been keen to introduce **a new preschool program**, to better assist families. As a result of the NP ECE, the City West Child Care Centre is one of six pilot programs where the Department of Education and Children Services delivered a preschool program within a childcare centre. Over the week, the centre offers nine 3 hour sessions; children attend five of these sessions,

giving them 15 hours of early childhood education. About 40 children are attending the preschool. Most of the children enrolled in the preschool also attend child care at the centre for the rest of the week. Teachers come from the nearby local schools to help prepare children for the transition to school.

<sup>20</sup> The wording in the NP ECE is an 'Indigenous (including remote communities) universal access strategy'. For ease of reference by readers, this report uses the title of the published strategy. The strategy helps implement the agreement in December 2007 by the Council of Australian Governments to a partnership between all levels of government to *Close the Gap in Indigenous Disadvantage*. One of the six specific targets for achieving this agreement, subsequently agreed in October 2008, is 'ensuring all Indigenous four-year-olds in remote communities have access to early childhood education within five years'.

The **Olympic Village Preschool** is located in the suburb of Heidelberg West, Melbourne. The centre is operated by Banyule City Council—kindergarten services in Victoria are operated by a range of local government, community and private organisations. The Victorian Government used NP ECE funding to offer funding to managers of clusters of kindergartens as part of a round 1 pilot program to allow the duration of preschool programs to **increase from 10 to 15 hours per week**. The Banyule City Council consulted with the centres it operates, and the Olympic Village Preschool asked to participate. The preschool in turn consulted with families about the practical implications of increasing to 15 hours – such as rearranging times to drop off and pick up, and needing to bring some extra food. This also involved translating information about the change into the languages used by local families, and holding a parent information night. Using the extra funding from the pilot, the centre hired an additional preschool teacher, and has offered preschool four days a week since August 2010. Children attend for two days of 7.5 hours. The centre reports that enrolments have increased since the change, and that the longer hours have allowed the children to complete larger projects at a more relaxed pace. The municipality is reviewing how well the additional hours is working for families, and the Victorian Government is assessing pilot programs to assist in deciding how best to continue its implementation of the NP ECE.



## KINDERGARTEN PROGRAM QUALIFIED TEACHER

**Enrol Now**

**Kedron Park Road - LEAD Childcare** is a privately operated long day care service in Woolloowin, Brisbane. It had not previously had a kindergarten program, and families using the centre who wished to have their child participate in a kindergarten program needed to make separate arrangements. In 2009 the Queensland Department of Education and Training offered an opportunity for childcare services to participate in a pilot program on the delivery of teacher-led kindergarten programs in a long day care setting. As part of the pilot, childcare services were provided government

funding to offset the costs of delivering a kindergarten program. The centre was approved to participate in the pilot, and used the government funding to recruit a qualified kindergarten teacher. The centre **offered a kindergarten program for the first time in 2010**, and reported it has been very popular with families, with new enrolments specifically due to the availability of a kindergarten program. The children attend their 15 hours of kindergarten in sessions spread over their usual child care attendance at the centre – many of the children attend the centre full-time while their parents work. The centre director commented that the inclusion of a kindergarten program has had a beneficial effect across the whole centre, with a greater depth of professional experience and the sharing of knowledge across the team.

The **Arawang Primary School** is a primary to year 6 (P-6) public school in Canberra which has always offered a preschool program. As a result of the NP ECE, **the program was expanded from 12 to 15 hours per week.** Additional funding was made available within the school's budget by the ACT Department of Education as part of the NP ECE implementation. The school drew on the experience of new early childhood schools in the ACT to design its expanded program, and decided to offer two and a half days per week as their method of delivery (some other preschools offer 3 days one week, and two days the next, averaging two and a half days). To help encourage attendance on the half-day session, staff created a program of play activities on that day with a science-oriented focus. Since the introduction of the increased hours, the school has had a related increase in enrolments at the preschool. Many of the children attending preschool have siblings at the primary school, and most will attend the primary school next year. To help with this transition to school, the preschool groups have a 'buddy class' in the primary school, and regularly enjoy coming to visit primary classes, the library, assemblies and the school's dance program.



Source: ANAO visits to services and state and territory government agencies

## Audit approach

### Audit objective, criteria and scope

**1.17** The audit objective was to assess the effectiveness of DEEWR's administration of the initial phases of the National Partnership on Early Childhood Education. The high-level criteria used to make this assessment were the appropriateness of DEEWR's:

- establishment of a sound foundation for implementation, including implementation plans, monitoring arrangements and an Indigenous strategy for universal access; and
- ongoing monitoring and support activities, including assessing progress reports, making payments, maintaining relationships, improving data quality and public reporting.

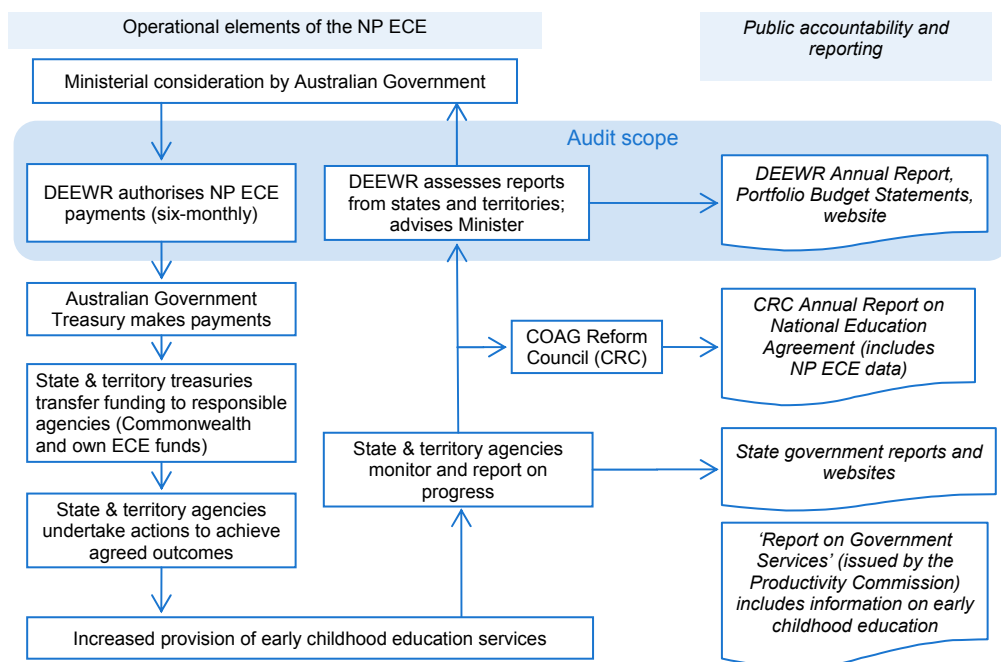
**1.18** The audit report summarises the progress reported by the states and territories in relation to the NP ECE.

**1.19** The audit did not independently assess the rate of progress by jurisdictions, or assess the adequacy of funding. These issues are considered separately by reviews and evaluations reporting to the relevant COAG ministerial committee. The audit also did not assess the specific use of the NP ECE funding by states and territories.

**1.20** The broad operation of the NP ECE, and the audit scope are shown in Figure 1.3 below.

**Figure 1.3**

### Operation of the NP ECE and the audit scope



Source: ANAO analysis

### Audit methodology

**1.21** The audit methodology included:

- reviews of DEEWR records;
- interviews with DEEWR staff; and
- discussions with relevant state and territory government officials from five jurisdictions about the partnership approach adopted by DEEWR.

**1.22** The ANAO also visited four providers of early childhood education as part of understanding the overall operation of the program.

### Audit cost

**1.23** The audit was conducted in accordance with the ANAO's Auditing Standards at a cost to the ANAO of approximately \$292 000.

## Report structure

**1.24** The following chapters examine key elements of DEEWR's administration of the NP ECE:

Chapter	Chapter overview
<b>2. Establishing the Foundations for Implementing the National Partnership</b>	Examines DEEWR's foundational activities to help implement universal access to early childhood education by 2013: developing bilateral agreements with states and territories; setting up reporting and monitoring arrangements; and leading the development of the strategy for Indigenous universal access.
<b>3. Ongoing Monitoring and Activity in Support of Universal Access</b>	Examines DEEWR's carriage of its ongoing responsibilities associated with the NP ECE: assessing reports from jurisdictions and making payments; developing and maintaining key relationships; improving data quality; and public reporting and accountability. The chapter also discusses evaluation of the NP ECE and summarises reported progress to date.

**1.25** *Appendix 2: Early Childhood Education in Australia* provides additional information about the characteristics of early childhood education in Australia and discusses key enablers for delivery of early childhood education.

## 2. Establishing the Foundations for Implementing the National Partnership

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*This chapter examines DEEWR's foundational activities to help implement universal access to early childhood education by 2013: developing bilateral agreements with states and territories; setting up reporting and monitoring arrangements; and leading the development of the strategy for Indigenous universal access.*

### Introduction

**2.1** At the outset of a national partnership, the parties agree the implementation, reporting and monitoring arrangements, generally to be applied over a period of years. The design of these arrangements is central to effective implementation, ongoing oversight and public accountability.

**2.2** Following the agreement to the NP ECE by COAG in November 2008, DEEWR had responsibility, on behalf of its Minister, to develop an appropriate administrative foundation for implementation. The ANAO examined the key steps taken by DEEWR to establish this foundation:

- developing bilateral agreements with the states and territories;
- establishing reporting and monitoring arrangements; and
- leading the development of a national Aboriginal and Torres Strait Islander Universal Access Strategy.

### Developing bilateral agreements to implement the National Partnership

**2.3** To give effect to the high-level goals of the NP ECE, bilateral agreements<sup>21</sup> were made between the Australian Government and each jurisdiction. These bilateral agreements established state and territory implementation arrangements for the NP ECE, such as specific benchmarks for the performance indicators and associated deliverables.<sup>22</sup>

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<sup>21</sup> For the NP ECE these were called *bilateral agreements*; for other national partnerships they may be called *implementation plans*.

<sup>22</sup> An example of a performance indicator in the NP ECE is the proportion of children enrolled in a preschool program. An example of a deliverable is having undertaken a necessary planning activity, such as identifying sites for new preschools.



**2.4** Overall, DEEWR generally worked effectively with states and territories within the framework of the NP ECE to develop the bilateral agreements for ministerial consideration. The basis for this assessment is summarised in Table 2.1 below, and is discussed more fully in the subsequent subsections.

**Table 2.1**

**Summary assessment of DEEWR's role in developing bilateral agreements**

Issue	Relevance	Assessment and comment
Managing the process in a timely and collaborative manner	Timely agreement helps get work started	✓✓ All bilateral agreements were signed within ten months of the NP ECE being signed. This was reasonable in the context of a five-year agreement and the negotiation process.
Specifying performance indicators and benchmarks	Aids early corrective action if needed	✓ Performance indicators and benchmarks were generally set for each year of the agreement. Scope to improve approach where there was a lack of data, so as to assist progress to common, national reporting.
Specifying deliverables in support of outputs	Aids confidence about future outputs and guides activities	✓ Deliverables provided by all jurisdictions, albeit to varying levels of detail and usefulness in providing confidence.
Clarifying the measurement of performance indicators	Improves reliability of data provided	✓✓ Detailed definitions and sources of data for each jurisdiction developed.
Advising Minister on approval of agreement	Allows well informed decision by Minister	✗ Briefings to the Minister adequately described the bilateral agreements and relevant context, and the attached agreements specified the planned expenditure. However, the briefings did not explain and document that the Minister was exercising a power to approve expenditure of \$955m.

Legend: ✗: not adequate; ✓: generally satisfactory, with scope to improve; ✓✓: satisfactory

Source: ANAO analysis

## Managing the process

**2.5** The role of DEEWR was to work with each jurisdiction to develop the bilateral agreements for consideration and agreement by the relevant ministers. To assess DEEWR's performance of this role, the ANAO reviewed the content and format of the bilateral agreements, interviewed relevant staff from DEEWR and jurisdictions, assessed the overall time taken, and reviewed in more detail the process of developing the agreements with two states.

**2.6** As a first step, DEEWR developed a standard format for the bilateral agreements. The structure and content of this was generally parallel to the NP ECE, but omitted some overview material on the background to the NP ECE, and added some additional detail or made explicit issues implied in the NP ECE. Additions included a section on deliverables (i.e. actions being taken in support of agreed outputs), mention that payments were contingent on the provision of six-monthly reports and their acceptance by the Commonwealth, and mention that the Commonwealth would be invited to participate in any local implementation oversight or management committee.<sup>23</sup> These were prudent additions that helped gain information on the progress of the NP ECE, without intruding on the implementation flexibility for the states and territories inherent in the NP ECE.

**2.7** DEEWR developed the bilateral agreements with individual states and territories between January and August 2009. The individual bilateral agreements were signed as they were completed by the relevant ministers from the state or territory and the Commonwealth. The first agreement was signed in April 2009 and the last in September 2009.

**2.8** The approach typically used by DEEWR was to:

- develop an understanding of the background and challenges facing each state and territory in implementing the NP ECE;
- request the state or territory to complete a draft bilateral agreement using a standard format;
- provide comments to the state or territory on the draft agreement, such as seeking an explanation of aspects of their implementation strategy, clarification of data definitions or the provision of missing information;
- discuss any concerns with senior officials from the state or territory, in person or by a telephone conference;
- seek to maintain a commonality of approach between all the states and territories; and
- seek clarification as appropriate on any issues with central agencies of the Australian Government and with their Minister.

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<sup>23</sup> As is appropriate in a national partnership context, DEEWR's involvement in committees was not in any decision making capacity; the states and territories are the decision makers.



**2.9** DEEWR took appropriate steps to develop the basic format of the bilateral agreements, worked methodically and cooperatively with states and territories, and gained agreement within a reasonable timeframe. Specific elements of the content of the agreements are assessed in the following subsections.

## **Performance indicators and benchmarks**

**2.10** The NP ECE set six key performance indicators<sup>24</sup>, such as the proportion of children enrolled in a preschool program, with the implication that by June 2013 the values of these indicators would represent ‘universal access’. Ideally, the bilateral agreements would describe a specific June 2013 target for each indicator to allow success to be assessed. In addition, the bilateral agreements would preferably include for each of the performance indicators the 2008 ‘baseline’ value and a realistic set of annual planned values.<sup>25</sup> For example, the proportion of children attending preschool in a jurisdiction may have a 2008 baseline value of 55 per cent and annual benchmarks of 60 per cent, 65 per cent, 90 per cent, and 95 per cent for 2009, 2010, 2011 and 2012 respectively.

**2.11** DEEWR developed a template for bilateral agreements which included specific performance indicator information to be provided by states and territories. The information requested was consistent with the indicators listed in the NP ECE and provided a sound basis for measuring universal access.<sup>26</sup>

**2.12** For the requested performance indicators, DEEWR generally sought a specific result by June 2013. For those targets representing a proportion of children *enrolled* a common target value of 95 per cent was chosen as a reasonable indication of universal *access*. This was on the basis that participation in ECE was voluntary, so that 100 per cent accessibility would not result in 100 per cent enrolment. For other proportional indicators, such as ECE programs offering 15 hours per week, the common target was 100 per cent.

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<sup>24</sup> See Table 1.1 on page 30.

<sup>25</sup> In the bilateral agreements these planned values were called ‘performance benchmarks’, with the exception of the agreement with Victoria which used the term ‘indicative trajectory’. For simplicity this report will use the term performance benchmark to include the Victorian indicative trajectory.

<sup>26</sup> DEEWR requested an addition to one NP ECE indicator: the *proportion* of ECE programs offering the target 15 hours per week (in addition to *average hours* offered). Requesting the *proportion* of teachers delivering preschool programs who are four-year university trained and early childhood qualified would have been another useful addition, to the NP ECE indicator of the *number* of such teachers.

Targets for other indicators, such as the number of suitably qualified teachers, the cost not being a barrier, and the setting of ECE delivery, were set in the context of each jurisdiction's circumstances.

**2.13** Reporting of performance on a national basis is aided by having common performance indicators for each of the states and territories. Commonality of performance indicators was achieved in the bilateral agreements for two of the six indicators for the NP ECE, namely enrolment in a preschool program and hours of availability.

**2.14** Common performance indicators were not achieved for the other four indicators. Largely due to a lack of suitable comparable data, DEEWR accepted a mixture of practical indicators in the bilateral agreements for some requested NP ECE indicators. This lack of commonality made it more difficult to present and understand progress at a national level, but did not reduce the ability to assess progress for individual states and territories.<sup>27</sup> For indicators relating to the availability in a range of settings and cost not being a barrier to access, not only was there a lack of commonality between jurisdictions but individual agreements generally did not have a well defined target for 2013.

**2.15** In the circumstances, there would have been advantages in the bilateral agreements retaining the requested performance indicators, explaining that the requested data was not available and specifying a process to remedy the lack. Where available, a proxy indicator could have been added. This approach would have helped make plain where the data gaps were and how they would be addressed, and aided in subsequent moves to comparable reporting.

**2.16** In relation to disadvantaged and Indigenous children, DEEWR accepted 2013 targets as either the:

- proportion of the target group enrolled in ECE was 95 per cent, or
- target group enrolment as a share of all children enrolled in ECE, matching the share of the target group in the overall population. In this case, the target would vary between jurisdictions, depending on the share of disadvantaged or Indigenous children in the jurisdiction's population.

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<sup>27</sup> Indeed, if DEEWR had insisted on commonality of performance indicators it may have reduced the ability to assess progress in individual jurisdictions due to lack of reliable data.

**2.17** Having established specific indicators for each state and territory, DEEWR also agreed the planned trajectory of improvement over the five years of the NP ECE for most<sup>28</sup> performance indicators, and associated 2008 baseline figures. Such intermediate performance benchmarks are useful for assessing progress, and in providing warning of possible problems.

**2.18** The trajectories of improvement for each state are shown graphically in Figure 3.2 (page 83) for three NP ECE performance indicators. These graphs show some variation in the timing of major improvements between jurisdictions, based on each jurisdiction's view of local implementation issues.

### **Deliverables in support of outputs**

**2.19** The focus of national partnerships generally, including the NP ECE, is on allocating Commonwealth funding for agreed state and territory outputs (such as increased accessibility of early childhood education). Achieving these outputs will be advanced by jurisdictions devising<sup>29</sup> and completing relevant deliverables (such as opening a specified number of new preschools, or providing a specified number of scholarships to encourage ECE staff to upgrade their teacher qualifications). Listing relevant deliverables in the bilateral agreements helps provide confidence that the desired outputs can be realistically achieved; and reporting on their status helps provide an indication of progress.

**2.20** The template for bilateral agreements issued by DEEWR requested that supporting deliverables be listed for all of the performance indicators, including the proposed quantity or target value of the deliverable, and the expected timing. The bilateral agreements followed the requested format<sup>30</sup>; and the following text box shows some examples.

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<sup>28</sup> The main gap was in the area of cost and the setting for ECE provision, as discussed earlier at paragraph 2.14.

<sup>29</sup> In contrast, in a purchaser-provider relationship, the Commonwealth would decide the deliverables it wished to fund.

<sup>30</sup> With some minor variations. For example, in the Australian Capital Territory bilateral agreement, the deliverables for performance indicators for disadvantaged and Indigenous children were combined.

## Sample deliverables from bilateral agreements

**Deliverable:** Provide extra community kindergarten services across the state in areas of unmet need. *Quantity:* 12 services. *Timing:* open in 2011

**Deliverable:** Develop a comprehensive Workforce Strategy to support universal access to kindergarten that addresses: recruitment and retention; qualifications and skills; and workforce integration. *Timing:* 2009–10

**2.21** Although development of deliverables is fundamentally a matter for the states and territories, there was significant variability in the level of detail jurisdictions provided on deliverables. The length of the relevant section of the bilateral agreements varied from three to 26 pages. The ANAO observed in DEEWR's records that there was relevant discussion between the parties while negotiating the agreements. However, in some instances the agreed deliverables were simply restatements of the goal (such as 'ensure all teachers are suitably qualified') rather than an action that would help achieve the goal (such as 'provide a scholarship scheme to encourage gaining specific ECE qualifications for existing teachers').

**2.22** Overall, taken in the context of the timetable for finalising the bilateral agreements and that the deliverables were a supporting element to the focus on achieving outputs, the ANAO considers the approach taken and information on deliverables obtained by DEEWR was reasonable.

## Measurement of performance indicators

**2.23** In establishing performance indicators and benchmarks, it is important to have clear definitions, a shared understanding of the source of data, and a process for tracking any changes in either of these. Otherwise, it is more difficult to validly compare information from different jurisdictions, or to validly assess the degree of progress in one jurisdiction over time. Good quality performance indicators and associated data also support the evaluation of program impacts (evaluation of the NP ECE is discussed in Chapter 3).

**2.24** DEEWR took the following steps to help provide for the reliable measurement of NP ECE performance indicators:

- including a provision in the bilateral agreements that states and territories provide a Data Capability Report, which would provide detailed information on the method of calculation of performance information;
- arranging that one of the early payments under the NP ECE was contingent on provision of the Data Capability Report;

- developing a detailed template for use by states and territories indicating the information required in the Data Capability Report;
- undertaking appropriate review of the initial Data Capability Reports before accepting them and recommending the payment associated with providing this information; and
- including a provision in bilateral agreements for a Data Exception Report to accompany performance reports from jurisdictions, to explain any changes in the performance reporting approach.

**2.25** The text below provides an example of the complexities of performance measurement for the NP ECE.

### **Example of complexities of measuring early childhood education**

A key indicator for the NP ECE is the proportion of children enrolled in an early childhood education program in the year before formal school. This proportion involves dividing the number of children enrolled by the number of children in the jurisdiction who are in the year before school.

However, in some cases enrolment figures collected by jurisdictions include children who are younger than the target group for the NP ECE, but the age of children enrolled has not been recorded so the count cannot be adjusted.

In other cases, children may be enrolled in more than one program, and be counted twice.

There are also different potential sources of information on the number of children in a jurisdiction, and the source used needs to be documented.

In addition, over the duration of the NP ECE such data issues are planned to be resolved. A further complexity will be keeping track of which progress reports are based on which specific data sources, to allow sensible interpretations of progress.

**2.26** The availability of data to inform policy decisions and assess progress is a widespread concern. For example, Paul McClintock, the Chairman of the COAG Reform Council, has said there is a:

need for a greater commitment to effective, timely accountability. All our reports contain recommendations to improve the data quality of the areas being monitored, and call for refinement of the linkages between the data being assessed and the policy objectives sought.<sup>31</sup>

<sup>31</sup> Paul McClintock, *Renewing the mandate: COAG and its reform agenda in 2011* [Internet], p. 4. COAG Reform Council, Australia, 2011, available from [http://www.coagreformcouncil.gov.au/media/speeches/speech\\_20110209\\_CEDA.pdf](http://www.coagreformcouncil.gov.au/media/speeches/speech_20110209_CEDA.pdf) [accessed 24 June 2011].

**2.27** Clarifying definitions of performance indicators was a significant effort for DEEWR and states and territories—each Data Capability Report was about 50 pages in length. Undertaking this effort early has helped provide a much firmer basis for understanding the starting point and progress achieved for the NP ECE.

## **Advising the Minister on the approval of agreements**

**2.28** Having developed each draft bilateral agreement with performance indicators, benchmarks and descriptions of deliverables, the final step for DEEWR was to provide advice to the Minister on the Minister's consideration of the agreement. Desirably, such advice would:

- explain the context of the state or territory relevant to the NP ECE;
- explain the approach being adopted by the state or territory and DEEWR's view of that approach;
- explain to the Minister any relevant legislative or regulatory requirements; and
- make a clear recommendation.

**2.29** The ANAO reviewed the briefings to the Minister for approval of all eight bilateral agreements made under the NP ECE, and considers that the above expectations were met with the exception of explaining relevant legislative and regulatory requirements relating to the approval of expenditure.

**2.30** ANAO sought documentation from DEEWR on the expenditure approval under Financial Management and Accountability (FMA) Regulation 9 of the \$955 million being committed under the NP ECE.<sup>32</sup> DEEWR advised that approval had been given by the Commonwealth ministers responsible for early childhood education as part of the process for approving bilateral agreements, and that ministers had been briefed on, among other things, the relevant payment schedules and performance requirements.

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<sup>32</sup> National partnerships were a recent initiative in public administration. The application of the FMA Regulations to national partnerships was explained in paragraphs 30 to 67 of *Federal Finances Circular No 2009/03 Accountabilities under the new Federal Financial Framework* [Internet], available from <[http://www.federalfinancialrelations.gov.au/content/circulars/circular\\_2009\\_03.pdf](http://www.federalfinancialrelations.gov.au/content/circulars/circular_2009_03.pdf)> [accessed 13 December 2010]. This circular was issued in April 2009, just before the first NP ECE bilateral agreement was approved.

**2.31** However, there was not an explicit record made of the spending approval as required by FMA Regulation 12.<sup>33</sup> The ANAO considers it highly desirable that agencies advise their minister in writing when the minister is exercising a financial delegation, and also advise the relevant judgments to be applied in considering expenditure approval. Such an approach in this case would have aided compliance with Regulation 12 of the FMA Act.

## Establishing reporting and monitoring arrangements

**2.32** Having established broad governance arrangements and performance indicators and benchmarks through the bilateral agreements, DEEWR needed to develop more detailed reporting and monitoring arrangements to help assess progress, including through assessment of the delivery risks.

**2.33** The ANAO reviewed the reporting and monitoring arrangements established by DEEWR for use in 2010, the first year after the signing of bilateral agreements. This period covered an annual report provided by jurisdictions for 2009, to support a payment in July 2010; and a less detailed progress report in support of a smaller progress payment in December 2010.

**2.34** Overall, the ANAO considers that DEEWR established satisfactory arrangements for the detailed reporting and monitoring of progress of the NP ECE<sup>34</sup>, with scope to strengthen its assessment of delivery risks for the NP ECE, to help inform advice to the Minister on the anticipated achievement of outcomes and possible responses to any emerging issues. The basis for this assessment is summarised below, and is discussed more fully in the subsequent subsections.

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<sup>33</sup> During the course of this audit, DEEWR prepared documentation of the spending approval.

<sup>34</sup> The degree to which DEEWR adhered to the arrangements it established is assessed at paragraph 3.6.

**Table 2.2****Summary assessment of DEEWR's role in developing reporting and monitoring arrangements**

Issue	Relevance	Assessment and comment
A well structured process for monitoring progress	Helps ensure monitoring is reliable and complete	✓✓ DEEWR developed a soundly designed monitoring and assessment process to review progress to date.
Use multiple perspectives	Helps mitigate the risks of unreliable data from a single source	✓✓ DEEWR's process used multiple perspectives to help assess progress and activities.
Assessing delivery risks	Helps identify and respond to emerging risks	✓ DEEWR had sought information to help analyse performance, but there is scope to strengthen assessment of the delivery risks.

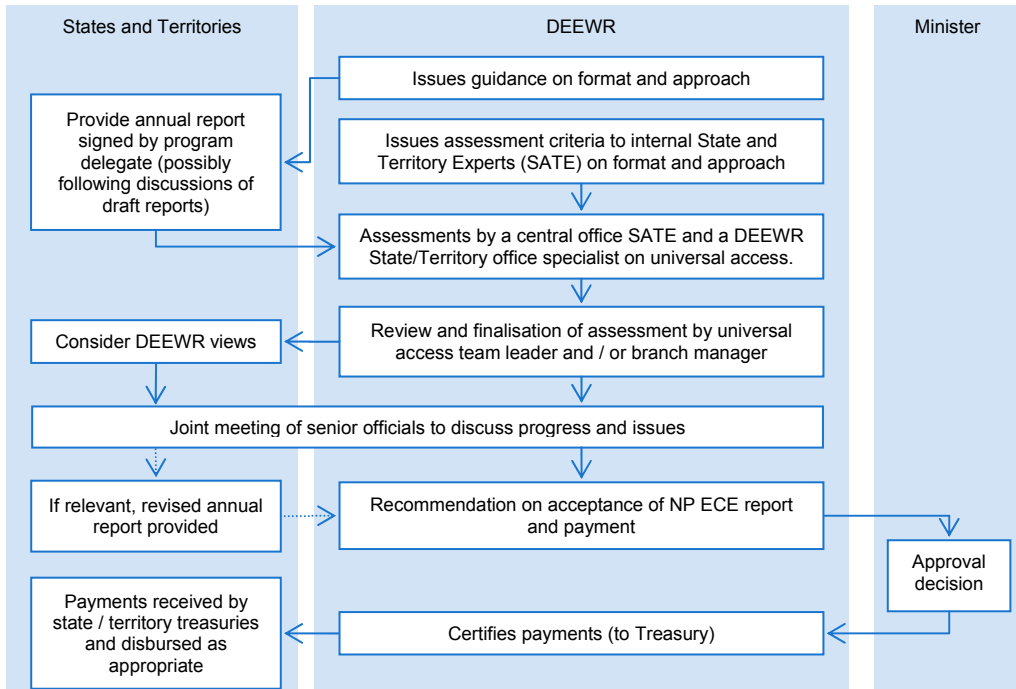
Legend: ✕: not adequate; ✓: generally satisfactory, with scope to improve; ✓✓: satisfactory

Source: ANAO analysis

**A structured process for completeness**

**2.35** DEEWR developed a monitoring and assessment process for the six-monthly reports from states and territories. The process for the 2009 annual reports is shown in Figure 2.1 below, indicating the respective roles of the states and territories, DEEWR and the Minister. A similar but less detailed approach was followed for assessing the progress report for 2010.



**Figure 2.1****DEEWR's process for assessing the 2009 NP ECE annual reports from jurisdictions**

Source: ANAO, based on information from DEEWR

**2.36** The bilateral agreements with the Commonwealth required the states and territories to report on the agreed performance indicators and deliverables.

**2.37** The reporting guidance provided by DEEWR to states and territories clarified the circumstances under which the Commonwealth will accept reports for the purposes of payment:

From a Commonwealth perspective, it is very important that the Annual Reports are as clear and as transparent as possible, and as consistent across jurisdictions as practicable. The key principle is that information should be sufficiently detailed to allow an external reader to make an informed assessment of progress against the agreed performance benchmarks and deliverables. This will involve providing an adequate and consistent level of detail against the required reporting items set out in Bilateral Agreements.<sup>35</sup>

<sup>35</sup> Email from DEEWR to state and territory program delegates on 15 February 2010.

**2.38** The assessment guidance to DEEWR's state and territory experts (SATEs) explained the assessment process to be followed, and the need to make two distinct assessments to form the basis of recommendations to the Minister, namely:

- whether the reports were sufficiently detailed to allow an informed assessment of progress against the agreed performance benchmarks and deliverables; and
- whether progress was sufficient<sup>36</sup> to justify payment.

**2.39** DEEWR's approach to assessing progress against performance benchmarks and deliverables was well structured. The process used an assessment template which allowed DEEWR to methodically compare reported progress against planned progress, and to seek further information from jurisdictions as appropriate.

### **Multiple perspectives to improve reliability**

**2.40** When attempting to assess progress of a program, there is a risk that information provided may be unreliable. This is particularly the case in the NP ECE given there has been previously a lack of reliable data on early childhood education. One way of managing this risk is to gain multiple perspectives on the issues. The monitoring and reporting arrangements developed by DEEWR obtained multiple perspectives by:

- having reports from jurisdictions assessed by both central office staff, and by DEEWR staff from the relevant DEEWR state or territory office;
- having a DEEWR member (in a non-decision making role) on the implementation committee for the NP ECE in each jurisdiction, which provided direct contact with early childhood education service providers and similar stakeholders;
- comparing data from the jurisdiction's report with other sources, such as the jurisdiction's Data Capability Report and the Report on Government Services; and

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<sup>36</sup> Paragraph 4(b) of each bilateral agreement under the NP ECE states that if the jurisdiction "does not meet the deliverables as specified", then "the Commonwealth will consider whether or not further payments should be made, and the timing and amount of such payments".

- by having another experienced officer undertake a quality assurance review of draft assessments.

## Assessing delivery risks

**2.41** Agencies can be expected to have a good understanding of delivery risks for government programs, so as to be able to advise their minister of any emerging issues and possible responses. In other audit reports, the ANAO has noted that delays or difficulties which emerged were often reasonably foreseeable, but that for a variety of reasons<sup>37</sup> there was not an active focus on identifying these risks, or monitoring of changes in these risks.

**2.42** The importance of understanding the delivery risks is heightened for initiatives such as the NP ECE, where there are significant Commonwealth funds involved, and where significant changes are intended in a relatively short period.<sup>38</sup> In particular, 78 per cent of the Commonwealth funding and the most significant increases in preschool programs, are planned for the final two years of the five year partnership, 2011–12 and 2012–13.

**2.43** Making a structured assessment of delivery risks typically requires an understanding of the implementation activities and their linkage to the anticipated outcomes, and of progress versus plans to date. It is also important to consider potential areas of difficulty with respect to the key enablers of the outcomes being sought.

**2.44** As previously mentioned, each bilateral agreement included performance benchmarks and deliverables for the transition to universal access. DEEWR also requested that:

Jurisdictions should detail how a proposed strategy is achieving agreed outcomes and over what time frame. That is, jurisdictions will need to provide detailed information on the link between the strategy employed, and how the strategy will meet agreed outcomes.<sup>39</sup>

<sup>37</sup> Reasons for not identifying risks early often include lack of clarity on responsibility, lack of skills and resources, or an environment where those involved consider that identifying risks may not be to their advantage.

<sup>38</sup> The NP ECE involves nearly \$1 billion of Commonwealth funding, and an increase in the delivery of ECE programs of some 60 per cent over five years.

<sup>39</sup> DEEWR communication to jurisdictions 15 February 2010. ANAO considered that the information provided on linkages from actions to outcomes was in a number of cases not as clear as desirable. On the other hand, the ANAO recognises there were time pressures to finalise bilateral agreements, which needed to be balanced against seeking additional information.

**2.45** DEEWR had developed systematic arrangements to assess jurisdictions' reported progress to date against performance benchmarks and planned deliverables, and also sought information from jurisdictions on possible risks to the achievement of benchmarks and deliverables. However, the ANAO did not observe as strong an approach by DEEWR to assessing performance information and key enablers of universal access, with a view to making informed judgements about anticipated partnership outcomes.<sup>40</sup>

**2.46** As noted at Appendix 2 there are key underlying enablers which present challenges for achieving universal access, such as teacher numbers and the availability of early childhood education facilities. In that context, one approach to gaining further insight into the delivery risks would be to consider the typical steps involved in increasing the supply of these enablers, and to compare those steps with progress achieved to date.

**2.47** Strengthening the assessment of delivery risks, particularly in light of the NP ECE funding schedule and delivery timetable, would better position DEEWR to advise its Minister of possible issues and potential policy responses, including any necessary communications between the Minister and state and territory counterparts. In this context, the NP ECE is one of a number of COAG national partnerships that seek to improve aspects of ECE, and where related issues are identified there is potential for a well coordinated response.

**2.48** The national partnership approach seeks to minimise the degree of detailed information required from states and territories. Accordingly, strengthened assessment of the delivery risks would focus on relevant information available to DEEWR, and on any additional information that jurisdictions agreed to provide to help develop a reliable, shared understanding of any risks and anticipated outcomes.

## **Recommendation No.1**

**2.49** In the context of the steep increases in Commonwealth funding and delivery expectations scheduled over the final two years of the National Partnership, the ANAO recommends that DEEWR strengthen assessment of the delivery risks, to help inform advice to the Minister on:

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<sup>40</sup> For example, a report to DEEWR's Minister assessing progress in a jurisdiction might indicate that 20 teacher scholarships had been offered that year in accordance with plan, but not place that figure into the context of whether progress was consistent with meeting the goal of universal access by 2013.

- achievement of anticipated outcomes;
- possible policy responses to any emerging issues; and
- any related communications between the Minister and state and territory counterparts.

**2.50 DEEWR response:** Agreed. DEEWR advised ANAO that:

DEEWR has increased assessment and reporting on delivery risks. DEEWR agrees with this recommendation and agrees that improvement in this regard will “focus on relevant information available to DEEWR, and on any additional information that jurisdictions agreed to provide to help develop a reliable, shared understanding of any risks and anticipated outcomes” (paragraph 2.48).

## Leading development of the national Aboriginal and Torres Strait Islander Universal Access Strategy

**2.51** In the 2008–09 Budget, the Australian Government set six targets for closing the gap on Indigenous disadvantage<sup>41</sup>, including a target to ‘to provide all Aboriginal and Torres Strait Islander four-year-olds in remote communities with access to a quality preschool program within five years.’ The NP ECE was the practical mechanism to work toward this target, providing new Commonwealth funding, setting specific targets for Indigenous children, and specifying that a strategy be developed for universal access to ECE for Indigenous children.

**2.52** The states and territories had responsibilities associated with universal access for Indigenous children through two mechanisms. Firstly, through their bilateral agreements, where they specified annual performance benchmarks and relevant deliverables related to the participation of Indigenous children in ECE. Secondly, through ‘developing specific strategies for delivering universal access in Indigenous communities’.<sup>42</sup>

**2.53** The NP ECE specified that the Commonwealth was responsible for leading the development of the ‘Indigenous (including remote communities)

<sup>41</sup> The Honourable Jenny Macklin MP (Minister For Families, Housing, Community Services And Indigenous Affairs), *First Steps in Closing the Gap*, [Internet], Ministerial statement, Canberra, 13 May 2008, available from <[http://www.aph.gov.au/Budget/2008-09/content/ministerial\\_statements/html/indigenous-03.htm](http://www.aph.gov.au/Budget/2008-09/content/ministerial_statements/html/indigenous-03.htm)> [accessed 3 March 2011].

<sup>42</sup> NP ECE paragraph 26 (d).

universal access strategy’.<sup>43</sup> DEEWR had carriage of this role for the Commonwealth.

**2.54** In assessing the role of DEEWR, it is relevant to note that the NP ECE funding was provided as a total package for progress toward universal access—including a specific target for Indigenous children. There was no component of the overall funding made subject to agreement of a national Aboriginal and Torres Strait Islander Universal Access Strategy. This could be expected to reduce DEEWR’s ability to influence states and territories to give priority to developing the strategy.

**2.55** Overall, and in the above context, the ANAO considers that DEEWR coordinated the preparation of an informative strategy document on achieving universal access to ECE for Indigenous children, but that the timing of this work is likely to have reduced its impact. The basis for this assessment is summarised in Table 2.3 below, and is discussed more fully in the subsequent subsections.

**Table 2.3**

**Summary assessment of DEEWR’s role in developing the national Aboriginal and Torres Strait Islander Universal Access Strategy**

Issue	Relevance	Assessment and comment
Issuing the strategy in a timely manner	Timely agreement brings benefits sooner	* The strategy was publicly released in June 2011, more than halfway through the life of the NP ECE and thus having a reduced opportunity to focus activity.
Strategy provides a basis for practical action and measurable results	Helps achieve intended benefits	✓ The strategy identifies the current status and areas for focus. It lists many additional activities to those in bilateral agreements. The expected results are being measured, but the additional activities are not being monitored through the NP ECE and many listed activities do not lend themselves to measurement.
Relevant stakeholders involved	Gain the benefit of their experience and develop commitment	✓✓ A wide range of stakeholders were initially consulted by DEEWR, with DEEWR subsequently working closely with state and territory officials.

Legend: \*: not adequate; ✓: generally satisfactory, with scope to improve; ✓✓: satisfactory

Source: ANAO analysis

<sup>43</sup> NP ECE paragraph 25 (d). In keeping with the title of the final document, the wording ‘national Aboriginal and Torres Strait Islander Universal Access Strategy’ is generally used in this audit report.

## Timeliness

**2.56** Following the signing of the NP ECE in October 2008, DEEWR's efforts were focused on developing and agreeing bilateral agreements with each state and territory. These bilateral agreements included specific performance indicators, benchmarks and activities related to the goal of Aboriginal and Torres Strait Islander universal access in each jurisdiction. As previously mentioned, the bilateral agreements were all signed by September 2009.

**2.57** In October 2009, DEEWR organised a facilitated workshop with key stakeholders to provide input to the national Aboriginal and Torres Strait Islander Universal Access Strategy. The subsequent draft strategy was reviewed in early 2010 by the Department of Prime Minister and Cabinet. As a result, DEEWR was asked to seek more detailed and specific action plans from states and territories and to assign priority to completing the strategy.

**2.58** During 2010, DEEWR negotiated the content of the strategy with states and territories. However, several states and territories indicated that they considered that the more detailed plan being sought involved considerable overlap with information already provided in the NP ECE and the bilateral agreements, and that they preferred a simpler approach. The final strategy adopted a simpler approach than envisaged in early 2010 by the Commonwealth.

**2.59** A final draft of the national Aboriginal and Torres Strait Islander Universal Access Strategy was developed by officials from DEEWR and states and territories by October 2010. The strategy was then approved or endorsed by the relevant committees of officials, namely the Early Childhood Development Working Group (ECDWG) and the Australian Education, Early Childhood Development and Youth Affairs Senior Officials Committee (AEEYSOC).

**2.60** The national Aboriginal and Torres Strait Islander Universal Access Strategy was approved by the relevant COAG Ministerial Council (MCEECDYA) on 8 February 2011. The strategy was approved in principle for publication by the Commonwealth Minister on 28 March 2011. Specific approval, and actual publication on DEEWR's website<sup>44</sup>, occurred on

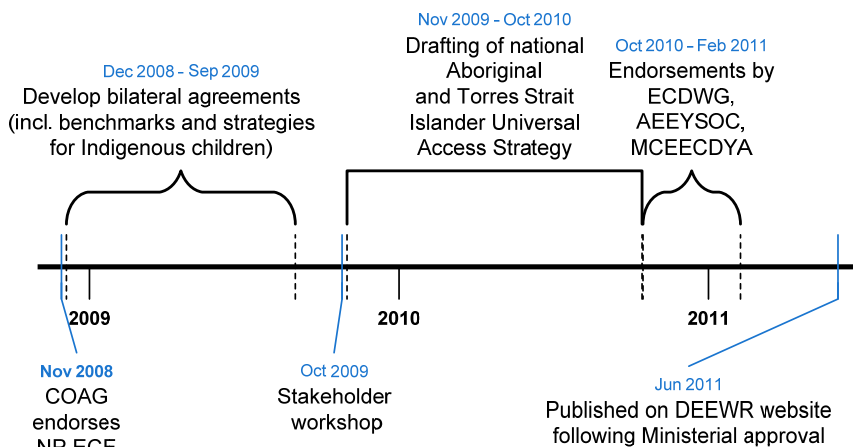
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<sup>44</sup> *Universal Access to early childhood education for Australia's Aboriginal and Torres Strait Islander children* [Internet], endorsed by the Ministerial Council for Education, Early Childhood Development and Youth Affairs, 2011, available from <<http://www.deewr.gov.au/Earlychildhood/Documents/UAS.pdf>> [accessed 24 June 2011].

3 June 2011, more than two-and-a-half years after the signing of the five-year NP ECE. The overall timeline is shown diagrammatically in Figure 2.2 below.

**Figure 2.2**

### **Timeline for developing the national Aboriginal and Torres Strait Islander Universal Access Strategy**



Source: ANAO analysis

**2.61** As noted in paragraph 2.52, the bilateral agreements negotiated between DEEWR and states and territories included a specific focus on Indigenous access to ECE. Nevertheless, the fact that the substantive effort on the Indigenous strategy occurred after the bilateral agreements were signed, with publication 18 months after, is likely to have reduced the opportunity for the strategy to help coordinate or focus the activities of states and territories. As noted at paragraph 2.58, the development of the strategy after the bilateral agreements were signed created an impression of duplicated effort, which in turn further slowed progress.

### **Strategy as a basis for action**

**2.62** The national Aboriginal and Torres Strait Islander Universal Access Strategy provides an overview of the issues and current status, identifies key areas for focus and the associated monitoring and governance arrangements, lists activities being undertaken in each jurisdiction, and lists related Commonwealth initiatives. The strategy is 36 pages long; key points of the strategy are provided in the following text box.



## National Aboriginal and Torres Strait Islander Universal Access Strategy: key points<sup>45</sup>

### Current situation:

In 2009 the enrolment of Aboriginal and Torres Strait Islander children in ECE programs in the year before full time schooling:

- was approximately 64%, compared with 70% for all children;
- was very much better in remote areas (87%) than in cities (51%);
- varied significantly across Australia (from 27% in Queensland to 100% in Tasmania);
- is the same or better than for children generally in some states (New South Wales, South Australia and Tasmania).

### Key focus areas for future effort:

- increasing access to early childhood education;
- positive community awareness and engagement;
- quality early childhood programs and activities; and
- Aboriginal and Torres Strait Islander cultural awareness of teachers and support staff.

Each state and territory has included specific strategies and actions against the key focus areas.

**2.63** The strategy expands significantly on the actions listed in the NP ECE bilateral agreements related to Indigenous universal access. The strategy places its actions in the context of the key focus areas, which helps provide assurance that actions are being undertaken in all the areas likely to be needed to make progress. However, some state and territory initiatives listed had already been completed, and many of the actions listed do not lend themselves to assessment, because they:

- simply describe a general intent (such as to ‘explore opportunities’);
- do not specify a completion date; or
- do not indicate a degree of improvement to be achieved.

**2.64** The process for developing the strategy, and the final document, has made information about the activities being undertaken by the various jurisdictions easily accessible, and accordingly has the potential to improve the coordination of activities in this complex area.

**2.65** The strategy indicates that progress will be reported publicly through the annual reports made by states and territories on their bilateral agreements. However, these annual reports will not include information on all the initiatives listed in the strategy. The annual reports will provide information

<sup>45</sup> Adapted from *Universal Access to early childhood education for Australia’s Aboriginal and Torres Strait Islander children*, *ibid.* p. 7-9.

on the extent to which the goal has been achieved, and on the activities listed in the bilateral agreements, but not on the many additional activities mentioned in the national Aboriginal and Torres Strait Islander Universal Access Strategy.

**2.66** In light of the priority given by the Australian Government to closing the gap in Indigenous disadvantage, the ANAO considers there would be benefit in DEEWR gaining an understanding of the effectiveness of the activities in the national Aboriginal and Torres Strait Islander Universal Access Strategy which are not being monitored through reports under the bilateral agreements, with a view to promoting good practice. This could be through the evaluation of the NP ECE being conducted on behalf of MCEECDYA, or through some other appropriate mechanism agreed with the states and territories. In addition, to help provide an informed basis for evaluating progress, it will be important for DEEWR to specifically focus on improving the reliability of data relating to Indigenous participation in ECE. The importance of data quality generally is further discussed in Chapter 3, from paragraph 3.15.

## **Stakeholder involvement**

**2.67** The abovementioned October 2009 facilitated workshop with key stakeholders arranged by DEEWR included representatives from:

- relevant associations;
- academics and researchers;
- Indigenous education peak bodies;
- education providers; and
- state and territory governments.

**2.68** This workshop developed the key focus areas that underpin the Aboriginal and Torres Strait Islander Strategy.

**2.69** Much of the subsequent development work coordinated by DEEWR involved consultation with the parties to the strategy, namely the states and territories, and with other Australian Government agencies with an interest, such as the Department of Prime Minister and Cabinet.

## Conclusion

**2.70** DEEWR had responsibility, on behalf of its Minister, to develop an appropriate administrative foundation for implementation of the NP ECE. Overall, DEEWR's activities to establish the foundation for implementing the NP ECE were satisfactory. The ANAO considered that DEEWR:

- generally worked effectively within the framework of the NP ECE to develop the bilateral agreements for ministerial consideration;
- established satisfactory arrangements for the detailed reporting and monitoring of progress of the NP ECE, with scope to strengthen its assessment of delivery risks for the NP ECE, to help inform advice to the Minister on the anticipated achievement of outcomes and possible responses to any emerging issues; and
- coordinated preparation of an informative strategy document on achieving universal access to ECE for Indigenous children, but that the timing of this work reduced the opportunity for the strategy to focus activity being funded through the NP ECE in support of Indigenous universal access.

## 3. Ongoing Monitoring and Activity in Support of Universal Access

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*This chapter examines DEEWR's carriage of its ongoing responsibilities associated with the NP ECE: assessing reports from jurisdictions and making payments; developing and maintaining key relationships; improving data quality; and public reporting and accountability. The chapter also discusses evaluation of the NP ECE and summarises reported progress to date.*

### Introduction

**3.1** Under national partnership arrangements, the focus is on achieving outcomes in a cooperative spirit between jurisdictions, with the Australian Government making payments for progress toward outcomes and outputs. The Commonwealth agency responsible for administering a national partnership supports implementation by states and territories, while monitoring progress and helping ensure accountability for results.

**3.2** Following the signing of the bilateral agreements with each jurisdiction in mid-2009, DEEWR had ongoing responsibilities in the areas of performance monitoring, managing relationships, improving data quality and reporting to stakeholders. In this regard, the ANAO examined DEEWR's:

- assessment of reports from jurisdictions and making of payments;
- development and maintenance of relationships with jurisdictions;
- actions to improve data quality to help assess progress of the NP ECE; and
- reporting to stakeholders on the NP ECE.

**3.3** In this context, this report also summarises:

- steps taken by the parties to the NP ECE to evaluate its impact, including the proposed evaluation strategy; and
- reported progress to the goals of the NP ECE.

### Assessing reports from jurisdictions and making payments

**3.4** In accordance with the bilateral agreements, jurisdictions provide reports twice a year to DEEWR on activities and progress toward universal

access. DEEWR assesses these reports, provides advice to the Minister on their assessment and makes a recommendation regarding making payments to the jurisdictions. This process is a central element to the department's role, and informs the Minister about the use of significant Commonwealth funds.

**3.5** To carry out this role, DEEWR developed an appropriate assessment process, described earlier at paragraph 2.35. This section assesses the extent to which DEEWR followed its planned process. The ANAO reviewed DEEWR's assessments of the reports for all eight jurisdictions received in 2010.

**3.6** Overall, DEEWR carried out the assessment process in accordance with the defined process:

- guidance on the reporting process was provided to jurisdictions;
- staff involved in making assessments had appropriate guidance, experience and support;
- assessments were carried out within a well structured framework;
- advice was obtained from DEEWR state office representatives;
- discussions, at both operational and senior levels, were held between DEEWR and jurisdictions and reports amended or clarified following these meetings; and
- DEEWR provided the Minister with soundly based advice on the acceptance of reports from jurisdictions.

**3.7** Nonetheless, the ANAO considered there was scope for providing a more structured assessment of progress to the Minister, to help put into context the volume of detail on activities undertaken. For example, some briefs to the Minister simply stated that a certain number of new preschools had opened, without explaining the extent to which this was consistent with achieving the goal of universal access.

**3.8** Commonwealth funding for national partnerships is allocated through a Special Appropriation to the Department of the Treasury.<sup>46</sup> The Treasurer is authorised to credit amounts to the COAG Reform Fund in order to make national partnership payments. The ANAO verified that following approval by the Minister, DEEWR provided appropriate certifications to Treasury to allow

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<sup>46</sup> In the case of the NP ECE, \$15 million of the \$970 million has been appropriated to DEEWR for national projects to improve ECE data collections, research and evaluation.

payment, and that NP ECE payments<sup>47</sup> for 2010–11 were in accordance with DEEWR's certifications.

## Developing and maintaining key relationships

**3.9** An important role in successful program delivery is developing and maintaining relationships with service partners and stakeholders. This is particularly important in the context of national partnership agreements, where the arrangements are a relatively new approach and where the parties have consciously reduced the degree of prescription in the arrangements.

**3.10** For the NP ECE, the key relationship for DEEWR is with the relevant agencies within state and territory governments. DEEWR does not directly fund service providers to deliver early childhood education; the state or territory government has the relationships with service providers. However, DEEWR may have relationships with some relevant service providers for other reasons, such as administration of Child Care Benefits.

**3.11** To assess DEEWR's approach to key relationships, the ANAO interviewed officials from five of the eight jurisdictions who had dealt with DEEWR in the development and operation of the NP ECE. The focus of these discussions was DEEWR's professional dealings with jurisdictions, and not on the merits of policy positions of respective governments.

**3.12** Overall, DEEWR has developed and maintained relationships with relevant state and territory agencies well. The overall view of those interviewed was that DEEWR had been professional and responsive, and had taken an effective partnership approach. Those interviewed generally considered that:

- DEEWR had taken a professional approach to receiving, and negotiating acceptance of, annual and progress reports;
- DEEWR had been supportive in helping share implementation experience and ideas among the states and territories;

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<sup>47</sup> The ANAO checked the amounts recorded for the NP ECE in the determinations issued by the Treasurer for national partnerships under section 16 of the *Federal Financial Relations Act 2009*. These determinations are publicly available in the Federal Register of Legislative Instruments, accessible through <<http://www.comlaw.gov.au/>>.

- DEEWR responded reasonably to requests for flexibility in the implementation of the NP ECE to allow for particular local issues and requirements;
- DEEWR provided appropriate administrative support for the general coordination and facilitation of the NP ECE;
- the relationship had begun on a sound basis, and there had been gradual improvements in the operation of the program as DEEWR responded to feedback; and
- the continuity over the life of the NP ECE of key DEEWR staff had been very positive.

**3.13** Some suggested areas of improvement were:

- taking a broader early childhood approach—rather than a very specific focus on the NP ECE—in recognition of the range of Australian Government early childhood policies in place and the broader focus necessarily being taken by the state and territory agencies;
- clarifying detailed policy issues<sup>48</sup> on a national basis and more quickly, to help avoid the occasional lack of national consistency arising from settling implementation requirements on a bilateral basis; and
- allowing more time to comment on complex issues and large documents—on occasion only a few days had been allowed for complex issues.

**3.14** The state and territory officials interviewed acknowledged that the quality of the relationship was a shared responsibility, and that the national partnership framework was relatively new for all involved.

## Improving data quality

**3.15** A focus on achieving agreed results, as used in national partnerships, relies on being able to reliably measure the agreed results. However, as discussed earlier at paragraphs 2.23–2.27, and recognised in the National

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<sup>48</sup> An example of a detailed policy issue is whether the goal of 15 hours per week for 40 weeks per year could be considered as being met by 30 hours per fortnight, or by 600 hours in the year. Individual states and territories considered that flexibility in this detailed requirement could reduce implementation costs and delays, or may better suit families, and still achieve the higher level goals of the NP ECE. This issue was resolved, providing greater flexibility.

Partnership, there have been difficulties in measuring results nationally, foremost being the lack of nationally comparable data.<sup>49</sup>

**3.16** To help address this challenge, the parties agreed in the NP ECE to work in partnership to develop the agreed data for performance measurement<sup>50</sup>, and for \$3 million of the Commonwealth funding being retained annually for national early childhood research, evaluation and data development activities, based on an agreed work program.<sup>51</sup>

**3.17** DEEWR was responsible for coordinating these data improvement initiatives from a Commonwealth perspective.

**3.18** Overall, the ANAO considers that DEEWR has taken appropriate steps to help improve the quality of data to measure the progress of the NP ECE, and that reasonable progress is being achieved. The basis for this assessment is summarised below, and is discussed more fully in the subsequent subsections.

**Table 3.1**

**Summary assessment of DEEWR's role in improving data quality**

Issue	Relevance	Assessment and comment
Understanding data requirements and initial data availability	Helps to inform negotiation of performance indicators and planning data improvement projects	✓✓ DEEWR developed an appropriate understanding at an early stage, which helped inform subsequent activity.
Plan and actions to improve data quality	Helps focus collective efforts where needed and work toward practical improvements	✓✓ DEEWR developed appropriate plans, gained shared commitment and has relevant governance arrangements to implement the plans.
Progress being achieved to improve data quality	Helps assess progress of NP ECE; is an indicator of DEEWR's role as coordinator	✓✓ Progress is broadly in line with agreed plans; important achievements include agreed national data definitions for ECE and an initial national statistical report.

Legend: ✖: not adequate; ✓: generally satisfactory, with scope to improve; ✓✓: satisfactory

Source: ANAO analysis

<sup>49</sup> NP ECE, paragraph 21.

<sup>50</sup> NP ECE, paragraph 24(a).

<sup>51</sup> NP ECE, paragraph 33. The total amount retained for data and evaluation work over the five years of the NP ECE is \$15 million; the funds are appropriated annually to DEEWR.



## Understanding data requirements and availability

**3.19** During the negotiation of the NP ECE, DEEWR commissioned a report<sup>52</sup> on the quality of data in early childhood education. The report assessed the key information needs associated with policy development and program monitoring for ECE, the data generally available, the gaps between the needs and availability, and the broad approach to addressing the gaps in data.

**3.20** The report concluded that while there were quite a number of data collections that provided information on early childhood education, there were many limitations for performance monitoring of the universal preschool access commitment. Even the basic indicators of preschool attendance numbers and participation rate could not, at that time, be reliably measured in a form that was comparable across the jurisdictions and consistent over time.

**3.21** The report found that the major weaknesses of the various data sources were:

- the partial coverage of most data collections;
- inconsistent data definitions across jurisdictions;
- duplication and double counting; and
- the difficulties integrating preschool and child care statistics.

**3.22** The report also noted that problems and challenges for ECE data development included:

- the split of policy and program responsibilities between Commonwealth and state/territory governments;
- the different mix of early childhood education provision across the jurisdictions between government, private and community; and
- the variety of settings in which preschool may take place and the imprecise boundary between child care, preschool and early education.

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<sup>52</sup> McEwin, M and Ryan, M, *Improving the quality of data on early childhood education* [Internet], September 2008, available from <[http://www.deewr.gov.au/Earlychildhood/Policy\\_Agenda/ECUA/Documents/ImprovingQualityDataECEPbaseOne.pdf](http://www.deewr.gov.au/Earlychildhood/Policy_Agenda/ECUA/Documents/ImprovingQualityDataECEPbaseOne.pdf)> [accessed 20 June 2011].

**3.23** DEEWR also drew upon other relevant reviews of ECE data to help inform its planning.<sup>53</sup>

**3.24** To gain a more precise understanding of the data that would be used by each jurisdiction to report performance under the NP ECE, DEEWR developed a Data Capability Report, to be completed by each jurisdiction. This report required jurisdictions to describe the specific data sources and methodology used to calculate the performance indicators agreed in the NP ECE. DEEWR modelled the format of the Data Capability Reports on the Australian Bureau of Statistics' data quality assurance documentation.

**3.25** DEEWR's approach to understanding the data requirements and availability suitably informed the negotiation of bilateral agreements and subsequent planning.<sup>54</sup>

## **Plan to improve data quality**

**3.26** With an understanding of the data needed and available to help monitor the NP ECE the next step was for DEEWR, in conjunction with states and territories, to develop plans to address the data shortcomings. DEEWR established a small team to help undertake the planning and coordination of improvements to ECE data.

**3.27** During 2009, in parallel with the negotiation of bilateral agreements with states and territories, DEEWR coordinated the development of a five-year plan aimed at improving the availability and quality of data associated with early childhood education and care. The resulting plan—the National Information Agreement on Early Childhood Education and Care<sup>55</sup> (ECEC)—was endorsed by MCEECDYA in November 2009.

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<sup>53</sup> For example, *Early childhood learning and care: data sources, gaps and opportunities*, ABS publication, cat. no. 4105.0.55.001, Australian Bureau of Statistics, 2008, available from <<http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/4105.0.55.0012008?OpenDocument>> [accessed 14 July 2011]; and McEwin, M and Ryan, M, *Improving the quality of data on early childhood education – Phase Two* [Internet], 30 June 2009, available from <[http://www.deewr.gov.au/Earlychildhood/Policy\\_Agenda/ECUA/Documents/ImprovingQualityDataECEPhaseTwo.pdf](http://www.deewr.gov.au/Earlychildhood/Policy_Agenda/ECUA/Documents/ImprovingQualityDataECEPhaseTwo.pdf)> [accessed 20 June 2011].

<sup>54</sup> In parallel with these activities, DEEWR was undertaking work in support of the long-term evaluation of the NP ECE, including performance measurement and data issues. The longer-term evaluation project has not been reviewed as part of this audit because it is still at a relatively early stage.

<sup>55</sup> *National Information Agreement on Early Childhood Education and Care* [Internet], MCEECDYA, 2009, available from <[http://www.mceecdya.edu.au/verve/\\_resources/FINAL\\_National\\_Information\\_Agreement\\_on\\_Early\\_Childhood\\_Education\\_and\\_Care\\_-\\_Signed.pdf](http://www.mceecdya.edu.au/verve/_resources/FINAL_National_Information_Agreement_on_Early_Childhood_Education_and_Care_-_Signed.pdf)> [accessed 12 July 2011].

**3.28** The National Information Agreement on ECEC sought to provide an overarching framework while recognising that each jurisdiction has its own objectives, service standards, data, performance indicators and reporting goals. The Agreement focused on the collection, sharing, and reporting of ECEC information.<sup>56</sup> The agreement covered eight major activities; of strong relevance to monitoring the NP ECE were<sup>57</sup>:

- compilation of nationally comparable data in all ECEC data collections to provide evidence of achievement against the six performance indicators in the NP ECE;
- development and implementation of agreed data standards, definitions, classifications and protocols through a National Minimum Data Set for ECEC; and
- collection and reporting of timely, high quality national ECEC information, having regard to collection constraints.

**3.29** The agreement also set out principles of information rights and access, arrangements for governance and funding, the need for consultation with interested and affected parties, and a broad work plan for 2009 to 2013. The management of the Agreement and related structures and processes is the responsibility of the Early Childhood Data Sub-Group (ECDSG).<sup>58</sup> The ECDSG is chaired by DEEWR, and membership includes representatives for all states and territories, the Australian Bureau of Statistics (ABS), the Australian Institute of Health and Welfare (AIHW), the Productivity Commission, and the MCEECDYA Secretariat.<sup>59</sup>

**3.30** Since its formation, the ECDSG has met regularly and oversighted a program of work in accordance with the National Information Agreement. Individual projects were identified and commenced to help progress the major activities listed above. Some examples are projects to use data collected by the

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<sup>56</sup> *National Information Agreement on Early Childhood Education and Care*, ibid. p. 5.

<sup>57</sup> *National Information Agreement on Early Childhood Education and Care*, ibid. p. 6.

<sup>58</sup> *National Information Agreement on Early Childhood Education and Care*, ibid. p. 11. See the ECDSG in context in the NP ECE governance diagram in Chapter 1 on p. 32.

<sup>59</sup> The ABS and AIHW are involved in issuing relevant specialist publications and data sets; the Productivity Commission issues the *Report on Government Services*, and has an interest in data definitions used in reporting on early childhood education; MCEECDYA is the parent body of the committee.

Commonwealth on long day care facilities to help understand the provision of ECE in those facilities, and work on a census of the ECE workforce.

**3.31** DEEWR considers the overall data strategy for the NP ECE has two main parts. The first part addresses the current realities of the diverse, generally state-based pattern of data specification and analysis, and aims to improve capacity to make judgements about performance with that data. The second part of the strategy is aimed at developing nationally consistent and comprehensive data specifications, collections and publication.

**3.32** In relation to improving the quality of ECE data, DEEWR has developed appropriate plans, gained shared commitment and has relevant governance arrangements to implement the plans.

### **Progress being achieved to improve data quality**

**3.33** Progress achieved by the parties to the NP ECE and associated stakeholders includes:

- national agreement to data definitions for early childhood education and care<sup>60</sup>, and associated nationally consistent measures such as a single reference period for collection of data;
- national agreement to provide data to the ABS for a National ECEC Data Collection which will, once fully implemented, include significant areas of new data such as national data on preschool programs in Long Day Care settings, and on Indigenous enrolment and attendance;
- the first set of data from the National ECEC Data Collection<sup>61</sup> being released in April 2011; and
- undertaking a National ECEC Workforce Census.<sup>62</sup>

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<sup>60</sup> These definitions are recorded in a national minimum data set (NMDS). The first ECEC NMDS was endorsed in May 2010; the 2011 version is available from AIHW at <<http://meteor.aihw.gov.au/content/index.phtml/itemId/438006>> [accessed 12 July 2011].

<sup>61</sup> Australian Bureau of Statistics, *Experimental Estimates on Preschool Education, Australia, 2010*, [Internet], ABS, Australia, 2011, available from <<http://www.abs.gov.au/ausstats/abs@.nsf/mf/4240.0>> [accessed 12 July 2011].

<sup>62</sup> The results of the National Childhood Education and Care Workforce Census were published on 29 June 2011 and are available at <<http://www.deewr.gov.au/Earlychildhood/Pages/NationalECECWorkforceCensusResults.aspx>> [accessed 12 July 2011].

**3.34** Moving from the variety of state-based data collections in use in 2009 to the present position has involved gaining agreement by the Commonwealth, states and territories to numerous detailed data definitions, data collection from thousands of service providers and the bringing together of the data into a reasonably comparable format. An example of the degree of detailed work involved is provided by the following extract of a single data definition.

**Sample data definition: Fees charged<sup>63</sup>**

**Definition:** The actual tuition fees charged per week for the child to attend preschool

**Guidance** (simplified):

Services should report their standard fee, that is, the tuition fee only.

Exclude fees charged for the child to attend other non-preschool programs with the service provider, such as out of school hours care. Exclude other fees which are not tuition fees, such as application fee, enrolment fee, resources fee, IT fee, capital fee, credit card fee, uniform, books, stationary and library fees, etc.

Count the net weekly costs that are charged, irrespective of whether the fees are actually paid. If subsidies are included in the calculation of the fees charged to the child, report the fees charged after deducting eligible subsidies.

Donations paid by parents should not be included, nor should additional charges such as meals or transportation.

**3.35** DEEWR expects to have data to support performance reporting under the NP ECE to a satisfactory level of quality in 2012, using data collected in 2011. This improvement is underpinned by the planned:

- move to collecting child level ECE data in most jurisdictions so as to avoid double counting<sup>64</sup> (from August 2011);
- collection of data by jurisdictions during the same reference period; and
- addition of data from the Commonwealth's Child Care Management System (CCMS) to the National ECEC Data Collection from November 2011.

**3.36** In addition, DEEWR is expecting the completion of several funded research projects, which may provide some methodological guidance on how to: measure 'access' in ECEC; assist calculating rates of Indigenous children's preschool participation in the year before formal schooling, particularly in

<sup>63</sup> Adapted from *Early Childhood Education and Care: Unit Record Level NMDS 2011*, AIHW, available from <<http://meteor.aihw.gov.au/content/index.phtml/itemId/401478>>.

<sup>64</sup> In statistical terms, the approach is called Unit Record Level (or URL) data collection.

remote areas; and help estimate how many preschool services are potentially being missed by the National ECEC Data Collection in each state and territory.

**3.37** Overall, the rate of progress by the Commonwealth, states and territories has been broadly in line with the work plan set out in the National Information Agreement on ECEC.

**3.38** On a related point, the ANAO notes that there is a delay of some nine months from the collection of ECE enrolment data in August, to its use in helping the Minister assess progress on the NP ECE.<sup>65</sup> This delay is not unreasonable for the preparation of reliable statistics from such a variety of sources. However, many new enrolments in ECE occur on the basis of the school year (i.e. in February). This means the delay between changes in enrolment numbers in February and high quality statistics going to the Minister in July the following year would be 15 months. The inherent delay in high quality statistics does reinforce the benefits of DEEWR strengthening its ability to assess likely delivery risks for the NP ECE by other means, as proposed in Recommendation 1 of this report. More generally, it serves as a reminder to agencies generally involved in partnership negotiations to take account of the cycle of data collection and verification when choosing reporting dates in partnership agreements, so as to allow the use of the most timely information for decision making that is practical.

## Reporting to stakeholders

**3.39** The public reporting of information about government funded activities helps the Parliament and stakeholders understand how public money is being spent and whether the agreed results are being achieved. DEEWR has specific reporting responsibilities associated with the NP ECE arising from:

- Commonwealth public sector arrangements, such as Portfolio Budget Statements (PBS) and annual reports; and
- from the NP ECE itself, and elements of the framework for national partnerships.

**3.40** Overall, DEEWR has complied with the formal requirements for reporting with regard to the NP ECE to a reasonable standard.

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<sup>65</sup> The timeliness of data used in public reporting is also discussed in the next section, at paragraph 3.57.

**3.41** More broadly, to help interested parties assess the benefits being achieved in relation to the Commonwealth's NP ECE expenditure, it is useful that information be easily accessible to stakeholders which explains the context and reasoning for the expenditure, the existing and target situation, and provides regular and timely progress reports on a useful and comparable basis.

**3.42** In this regard, there is scope for DEEWR to make it easier for stakeholders to find timely, consolidated, clearly-expressed performance information about the NP ECE. DEEWR is well placed to do so because it already undertakes analysis of progress, and there would be a relatively small effort needed to make this information more widely available.

**3.43** The basis for these assessments is provided in the following subsections.

### **DEEWR's reporting obligations for the NP ECE**

**3.44** The main reporting requirements relating to the NP ECE, and ANAO's assessment of DEEWR's degree of compliance, are shown in Table 3.2 below.

**Table 3.2**

#### **Summary assessment of DEEWR's compliance with reporting requirements relating to the NP ECE.**

Source of requirement	Requirement	Assessment
Guidance for Portfolio Budget Statements	Present information on what is to be achieved (outcomes), how that will be done (programs) and set performance targets. <sup>66</sup>	✓ The 2011–12 PBS provides an appropriate description of how the NP ECE operates to support program objectives. Performance targets were set, and used consistently over time, but an additional indicator would have provided a more balanced understanding of the use of funds.
Guidance for annual reports	Report on extent of achievement of performance targets for which the agency is responsible.	✓✓ The most recent DEEWR Annual Report included appropriate information on the NP ECE, including performance against the targets given in the corresponding PBS.

<sup>66</sup> In the DEEWR Portfolio Budget Statements the performance targets are labeled 'program effectiveness indicators'. These correspond to the 'performance indicators' in the NP ECE, and the associated performance benchmarks in the bilateral agreements with states and territories.

Source of requirement	Requirement	Assessment
NP ECE	Requires publishing of Annual Reports on progress of the NP ECE by the Commonwealth, states and territories.	✓ Individual states and territories have prepared annual NP ECE reports which DEEWR has made publicly available. An annual NP ECE report has not been prepared by the Commonwealth. <sup>67</sup> The COAG Reform Council reported some national summary information on the NP ECE for 2009.

Legend: ✖: not adequate; ✓: generally satisfactory, with scope to improve; ✓✓: satisfactory

Source: ANAO analysis

**3.45** Generally, Portfolio Budget Statements (PBS) provide an opportunity to explain the outcomes that will be achieved from planned funding, and the annual reports of agencies describe what has been achieved. For the NP ECE, this relatively straightforward view is complicated by the fact that:

- the results being achieved rely on funding from both the Commonwealth and states and territories;
- the activities being undertaken are under the control of states and territories, and accordingly the responsibility for results lies with states and territories; and
- while policy responsibility for the NP ECE lies with DEEWR the Commonwealth funds for the NP ECE are appropriated to the Treasury.<sup>68</sup>

**3.46** There is some guidance for agencies on how to handle these complexities.<sup>69</sup> Broadly, the agency with policy responsibility (DEEWR in this case) reports on the results, and provides a link to the financial information which is the reporting responsibility of the Treasury.

<sup>67</sup> DEEWR agreed with the states and territories that the Commonwealth's contribution to the NP ECE annual reporting process would concentrate on the key data point that the states and territories do not have: Indigenous enrolments in remote and very remote areas. DEEWR publishes that data on the website where the NP ECE annual reports are published.

<sup>68</sup> In accordance with the IGA FFR, Treasury makes payments for all national partnerships to states and territories

<sup>69</sup> See, for example, the guidance at page 30 of the *Guidance for the Preparation of the 2010–11 Portfolio Budget Statements* op cit. The interaction between national partnerships and performance reporting is also discussed in ANAO audit report 2011–12 No.5 *Development and Implementation of Key Performance Indicators to support the Outcomes and Programs Framework*, ANAO 2011.



**3.47** The ANAO examined the PBS for DEEWR for 2009–10, 2010–11 and 2011–12 and found that:

- the 2011–12 PBS provides a reasonable explanation of the NP ECE and its place in supporting the objective of *Program 1.3 Early childhood education* (namely, ‘to improve access to high-quality early childhood education and child care, to support optimal child development in the early years and prepare children for formal schooling’);
- there had been a consistency of performance indicators for the three consecutive PBS 2009–10 to 2011–12, which assists in assessing performance over time; and
- the information provided on the NP ECE, which was a new approach to program delivery for all involved, had improved over the three years.<sup>70</sup>

**3.48** The NP ECE includes six performance indicators; the PBS includes two of these: the overall and Indigenous participation rates. However, more than half of the additional costs associated with the NP ECE goals can be considered as arising from increasing the hours of preschool offered to 15 hours per week, rather than increased participation. As a general principle, performance indicators in the PBS should provide reasonable coverage of the intended outcomes of the related Commonwealth expenditure. Accordingly, the ANAO suggests consideration be given to incorporating the NP ECE performance indicator for hours per week into the PBS. In the medium to long term, under ongoing Commonwealth funding arrangements to attain and/or sustain universal access, effectiveness measures should address the broader benefits of ECE, such as by considering school performance for children who do, and do not, access ECE.

**3.49** While DEEWR complied with the PBS guidelines, the ANAO considers the explanation of the NP ECE would be improved by including in the text the

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<sup>70</sup> For example, earlier PBS misclassified the NP ECE as an administered item in the text; this has been corrected in the most recent PBS.

amount of Commonwealth funding involved (\$970 million over five years), to avoid the need for readers to refer to the Treasury PBS for this information.<sup>71</sup>

**3.50** The most recent DEEWR Annual Report at the time of audit fieldwork was for 2009–10. This report provided appropriate information in relation to the NP ECE, including the performance in relation to forecasts for the year included in the 2009–10 PBS.

**3.51** The NP ECE states that ‘the Commonwealth and States and Territories will publish annual progress reports against reforms outlined in their bilateral agreements’. The states and territories have prepared such NP ECE annual reports for the calendar years 2009 and 2010. The Commonwealth has not published an NP ECE report as such, although DEEWR has made the state and territory reports available on the DEEWR website after their acceptance by the Commonwealth.

**3.52** In addition, reporting arrangements for the IGA FFR allow for the COAG Reform Council to provide reports on national partnerships to the extent that they support the objectives in national agreements. The COAG Reform Council has identified the NP ECE as one of the national partnerships particularly relevant to the National Education Agreement (NEA), and has included some summary performance information for all states and territories in its recent reports on the NEA.<sup>72</sup>

## **Ease of stakeholder access to information about the NP ECE**

**3.53** Accountability is supported not just by the preparation of reports, but by the ease with which stakeholders can find and understand the information. This is a broader question than whether DEEWR has complied with reporting guidelines. Important aspects of ease of access, and ANAO’s assessment

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<sup>71</sup> ANAO audit report 2011–12 No.5 *Development and Implementation of Key Performance Indicators to support the Outcomes and Programs Framework*, recommended that to support the currency and appropriateness of the Outcomes and Programs Framework, the Department of Finance and Deregulation develop more expansive policy guidance for entities on how to reference performance reporting for programs delivered through national agreements, ANAO 2011.

<sup>72</sup> See, for example, pages 152–153 and 188–190 of COAG Reform Council, *National Education Agreement: Performance report for 2009* [Internet], COAG Reform Council, Sydney, 2010, available from <[http://www.coagreformcouncil.gov.au/reports/docs/NEA\\_report\\_2009.pdf](http://www.coagreformcouncil.gov.au/reports/docs/NEA_report_2009.pdf)> [accessed 26 July 2011].

regarding the NP ECE<sup>73</sup>, are summarised in Table 3.3 below, and discussed in the following subsections.

**Table 3.3**

**Summary assessment of ease of stakeholder access to information about the NP ECE**

Issue	Relevance	Assessment
Ease of finding information	Helps stakeholders find the information	Information about the context and plans for the NP ECE was easy to find, as were individual state and territory progress reports. However, an important element of accountability—consolidated progress information—was difficult to find.
Timeliness of information	Regular reporting aids stakeholders becoming informed on a predictable basis; prompt reporting avoids delay between events and their being publicly known.	DEEWR provided information on the NP ECE in its Portfolio Budget Statements, Annual Reports and website on the expected regular timetable. Much of the data is 12 or more months old when published.
Ease of understanding background	Helps stakeholders understand background and operation of program, and to assess progress in context.	The NP ECE and DEEWR's information sheets explain the program, and its linkages to broader ECE reforms. The current position and performance targets are well defined.
Ease of understanding activity and progress	Aim is to provide useful understanding of what is being done.	Much useful information made available to stakeholders, but there is scope to improve its presentation to assist understanding.

Note: The ease of stakeholder access to information on the NP ECE is a broader question than whether DEEWR met formal reporting requirements associated with a national partnership. Accordingly, ticks and crosses, as used in other summary assessment tables have not been used in this table. DEEWR's compliance with its reporting requirements was generally satisfactory, as summarised in Table 3.2.

Source: ANAO analysis

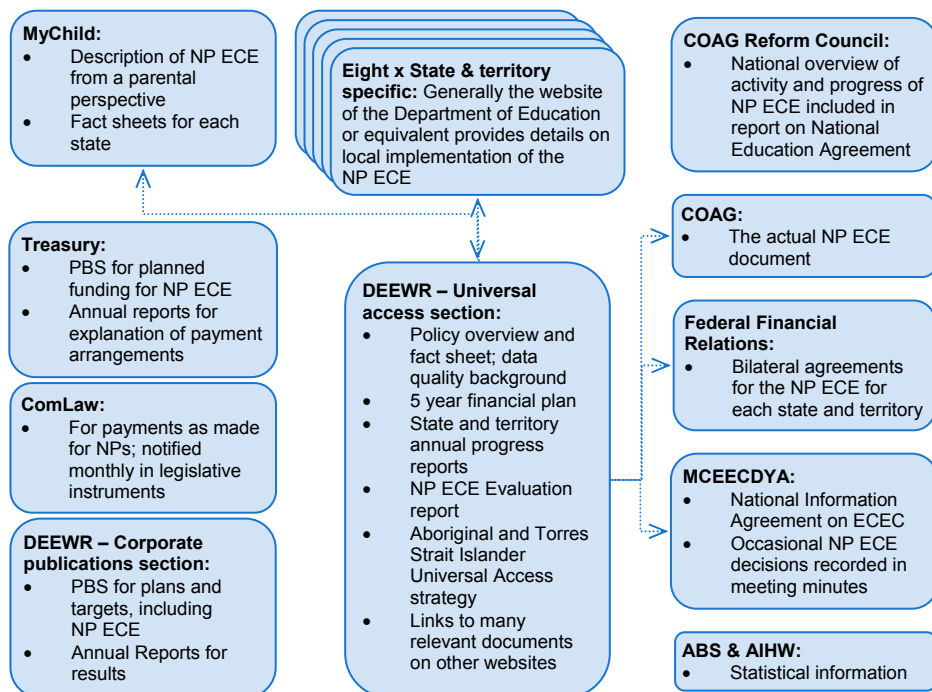
***Ease of finding information***

**3.54** The ANAO accessed some 20 different websites to gain an overall understanding of the NP ECE, as shown in Figure 3.1.

<sup>73</sup> The ANAO considered access to information to help understanding of the impact of the Commonwealth financial contribution. The IGA FFR sets as a goal improving the accountability of all levels of government. The ANAO did not assess accountability for the NP ECE at the state or territory level.

**Figure 3.1**

## **Websites accessed to understand the NP ECE**



Source: ANAO analysis

Legend: Boxes indicate websites. Arrows show links from one website to another.

**3.55** Some important information was provided in documents not found in general Internet searches for the NP ECE – generally because the document contained information on many other programs as well. The information not found by general search was mostly associated with performance information. To locate this information generally requires an understanding of the reporting arrangements associated with the Commonwealth, state and territory governments and with a range of bodies associated with the COAG reforms.

**3.56** In that context, it would assist general access to NP ECE information if DEEWR expanded its readily located web page on the NP ECE to provide some additional links and access advice.

### *Timeliness of information*

**3.57** The release of information on a regular basis assists public understanding and accountability by providing a predictable timing for new information. This has been generally achieved for the NP ECE, for example:

- DEEWR has provided information about the NP ECE through its annual PBS (generally May) and annual reports (generally September);
- DEEWR's publication of the NP ECE annual reports of states and territories (generally July or August);
- the COAG Reform Council's report on the National Education Agreement, including comment on the NP ECE (generally September); and
- the commencement in 2010 of a new ECE annual statistical series by the ABS (generally March).

**3.58** Accountability is also aided by reducing the time between events occurring and their reporting. The ANAO notes that for the NP ECE there can be delays of 12–18 months between events and reporting.<sup>74</sup>

**3.59** In part these delays arise from the need to review and check information to ensure it is of reasonable quality.

**3.60** Another factor in the delay is the need or preference to gain clearance from a range of parties, or to release national information jointly (which involves waiting until all information is available). Given that there are nine governments involved in the NP ECE, there is a reasonable chance of clearance delays arising from elections and caretaker conventions in at least one jurisdiction in most reporting cycles. The ANAO encourages an approach which seeks to reduce the delay between events and their reporting. In the case of the NP ECE, this could include the publication on the Internet of state and territory information upon acceptance and payment by the Commonwealth, with a national summary updated progressively.

#### *Ease of understanding background*

**3.61** Effective accountability will be assisted by a clear understanding of the context and rationale of a policy initiative. The ANAO considered such an understanding was easy to develop in the case of the NP ECE:

- the NP ECE itself explains the initiative and policy rationale;

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<sup>74</sup> For example, new preschool enrolments may occur in February, be measured in a preschool census in August, but may not be reported publicly as part of the NP ECE until the September of the following year.

- the DEEWR website includes clearly written explanatory material suited for a range of audiences (such as parents, service providers and the general public); and
- the DEEWR website includes links to more detailed information, including placing the NP ECE within a broader set of related early childhood initiatives.

### *Ease of understanding activity and progress*

**3.62** Effective accountability and transparency to stakeholders will also be assisted by it being easy to understand what activity has occurred and what progress has been achieved. The annual reporting arrangements under the NP ECE and associated bilateral agreements have resulted in a significant amount of useful information being made available on a state and territory basis. However, the ANAO considered there is scope to improve the presentation of the material to assist in understanding progress. For example:

- The individual state and territory reports generally provide a detailed view of activities and achievements. However, to gain an understanding of trends and likely results it was necessary to also refer to the original bilateral agreements and preceding annual reports.
- A simple national consolidation for all the NP ECE indicators for each state and territory was not available. The COAG Reform Council report on the National Education Agreement covered two of the six NP ECE indicators.
- An estimate of performance against the NP ECE indicators for Australia as a whole has not been presented, making it difficult to assess progress at a national level.
- The 2010 annual reports on the NP ECE from states and territories comprise some 190 pages of information with variation in format and data definitions. It was time consuming to locate and understand the information reported on particular performance indicators.

**3.63** Finally, the financial contributions of the Commonwealth, as agreed to in the NP ECE, are publicly reported. In the NP ECE, the states and territories agreed to maintaining their current level of effort in the delivery of preschool

programs<sup>75</sup>, but no specific reporting mechanism had been specified to provide a corresponding level of transparency to their financial contribution.<sup>76</sup>

## Summary of reporting to stakeholders

**3.64** DEEWR has complied with its reporting obligations relating to the NP ECE. However, it was difficult to access timely, consolidated, clearly-presented performance information at national, and state and territory levels. This is perhaps not unexpected, given the wide range of parties involved in the development, management and monitoring of the NP ECE, and the relative newness of the national partnership arrangements.

**3.65** One of the objectives of the IGA FFR reforms was that:

The accountability of governments to the public will be enhanced through simpler, standardised and more transparent public performance reporting for all jurisdictions, underpinned by clearer roles and responsibilities.<sup>77</sup>

**3.66** In that context, the ANAO considers there is scope to improve the access to performance information on the NP ECE so as to better achieve the IGA FFR accountability objective. From a Commonwealth perspective, funding of nearly \$1 billion has been allocated to help achieve universal access to early childhood education, and there is therefore merit in the Australian Government helping to improve access to performance information. DEEWR is well placed to do this because it already undertakes timely analysis of progress, and can readily make performance information more widely available in a clearly-presented format.

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<sup>75</sup> NP ECE, paragraph 26 (b).

<sup>76</sup> Information in the *Report on Government Services* provides some indications of expenditure by states and territories on preschool delivery, but not in a format which allows a straightforward assessment of the agreed 'maintenance of effort'.

<sup>77</sup> Council of Australian Governments, *IGA FFR, Schedule C: Public Accountability and Performance Reporting* [Internet], COAG, Australia, 2008, available from <[http://www.federalfinancialrelations.gov.au/content/inter\\_agreement\\_and\\_schedules/current/Schedule\\_C.pdf](http://www.federalfinancialrelations.gov.au/content/inter_agreement_and_schedules/current/Schedule_C.pdf)> [accessed 6 December 2010], paragraph C1.

## Recommendation No.2

**3.67** The ANAO recommends that, to support improved information to stakeholders and accountability, DEEWR provides access to timely, consolidated and clearly-presented NP ECE performance information at national, and state and territory levels, alongside relevant background information.

**3.68 DEEWR response:** Agreed. DEEWR advised ANAO that:

DEEWR agrees with this recommendation, noting that the information to which the ANAO refers is already published in various forms, including through the COAG Reform Council's reporting as well as the annual reporting under the National Partnership itself. There is also significant national reform underway with regard to the implementation of a national collection of early childhood education data by the Australian Bureau of Statistics, which has considerable bearing on this issue. In terms of the provision of timely and comparable performance information, particularly that provided at the national level, we note that DEEWR will be dependent on cooperation with state and territory governments to achieve this end.

## Evaluation of the NP ECE

**3.69** Evaluation is a valuable tool for administering agencies that are seeking to strengthen the quality of government programs and improve outcomes. Through evaluation, agencies test the extent to which programs achieve their stated objectives. In the case of the NP ECE, evaluation presents an opportunity to extend performance assessment beyond measures of access to ECE, to consideration of its broader benefits, and how to maximise them.

**3.70** As previously mentioned, the NP ECE required that a comprehensive national evaluation would be undertaken throughout the life of the agreement. The evaluation strategy was to be developed by the Commonwealth in partnership with the states and territories.

**3.71** In February 2010, the Ministerial Council for Education, Early Childhood Development and Youth Affairs (MCEECDYA) endorsed a jointly developed strategy for the NP ECE evaluation. A consultant was subsequently engaged by DEEWR to develop an evaluation methodology<sup>78</sup> and undertake

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<sup>78</sup> The *Evaluation of National Partnership Agreement on Early Childhood Education Evaluation Framework* was prepared by the consultant for DEEWR in October 2010.



the evaluation. The evaluation is now underway and is being managed through the NP ECE Evaluation Steering Committee, which comprises representatives from the Commonwealth and all states and territories.<sup>79</sup>

**3.72** Under the evaluation strategy, the NP ECE evaluation is being undertaken between 2010 and 2014. The initial focus of the evaluation is on the achievement of immediate outcomes, such as increasing capacity and ensuring affordability. The evaluation strategy envisages a subsequent focus on longer-term outcomes, including jurisdictions achieving the targets set in the NP ECE, and the impact of preschool attendance on children's development and families.

**3.73** In August 2011, the NP ECE evaluation *Annual Progress Report 2010* was published on the DEEWR website. The 2010 report presents state and territory profiles and progress to 31 December 2009, includes an early childhood development literature review, discusses the evaluation framework and explores evaluation challenges, including data. Of particular note, the progress report states:

Ultimately, the evaluation is concerned with more than whether the States and Territories managed to achieve the outcomes specified in the NP ECE. The critical issue is what impact the initiative has on children and families. However, measuring impact will be a highly challenging task.<sup>80</sup>

**3.74** The longer-term focus of the NP ECE evaluation on outcomes will be important to informing governments about the impact of the additional measures to provide universal access to enhanced preschool programs by 2013.

## Reported progress to the goals of the NP ECE

**3.75** Progress on the NP ECE against the agreed performance indicators is reported by each state and territory annually. The following consolidated progress chart was prepared by the ANAO based on the eight bilateral

<sup>79</sup> The NP ECE Evaluation Steering Committee reports through the Early Childhood Development Working Group (ECDWG) to the Australian, Education, Employment and Youth Senior Officers Committee (AEEYSOC) and MCEECDYA.

<sup>80</sup> Urbis, *Evaluation of the National Partnership on Early Childhood Education Annual Progress Report 2010* [Internet], Urbis, 2011, available from <[http://www.deewr.gov.au/Earlychildhood/Policy\\_Agenda/ECUA/Documents/AnnualProgressReport2010.pdf](http://www.deewr.gov.au/Earlychildhood/Policy_Agenda/ECUA/Documents/AnnualProgressReport2010.pdf)> [accessed 22 August 2011], p. vi.

agreements<sup>81</sup>, and 16 separate progress reports covering 2009 and 2010.<sup>82</sup> While there are some provisos in the documents on the reliability of data, which means individual data points should be treated with caution, these overall indications of progress are likely to be of interest and value.

**3.76** Reported progress against selected indicators, in comparison to planned progress, is summarised graphically in Figure 3.2, and in tabular form in Table 3.4. The state and territory reports indicate that as at December 2010:

- all states and territories have made progress as planned, or better, on increasing the percentage of children enrolled in ECE programs offering the NP ECE goal of 15 hours per week;
- there remain significant increases to ECE program hours to be achieved in the next two years;
- Queensland, the state with the most to achieve in increasing the overall rate of enrolment in ECE programs, has achieved the increases planned to date (while noting that much greater increases are planned in the next two years);
- the rate of enrolment in New South Wales is increasing but is below plan; and
- there are mixed results in increasing enrolments for disadvantaged and Indigenous children, with some jurisdictions ahead and some behind plan, and with some uncertainty in the data.

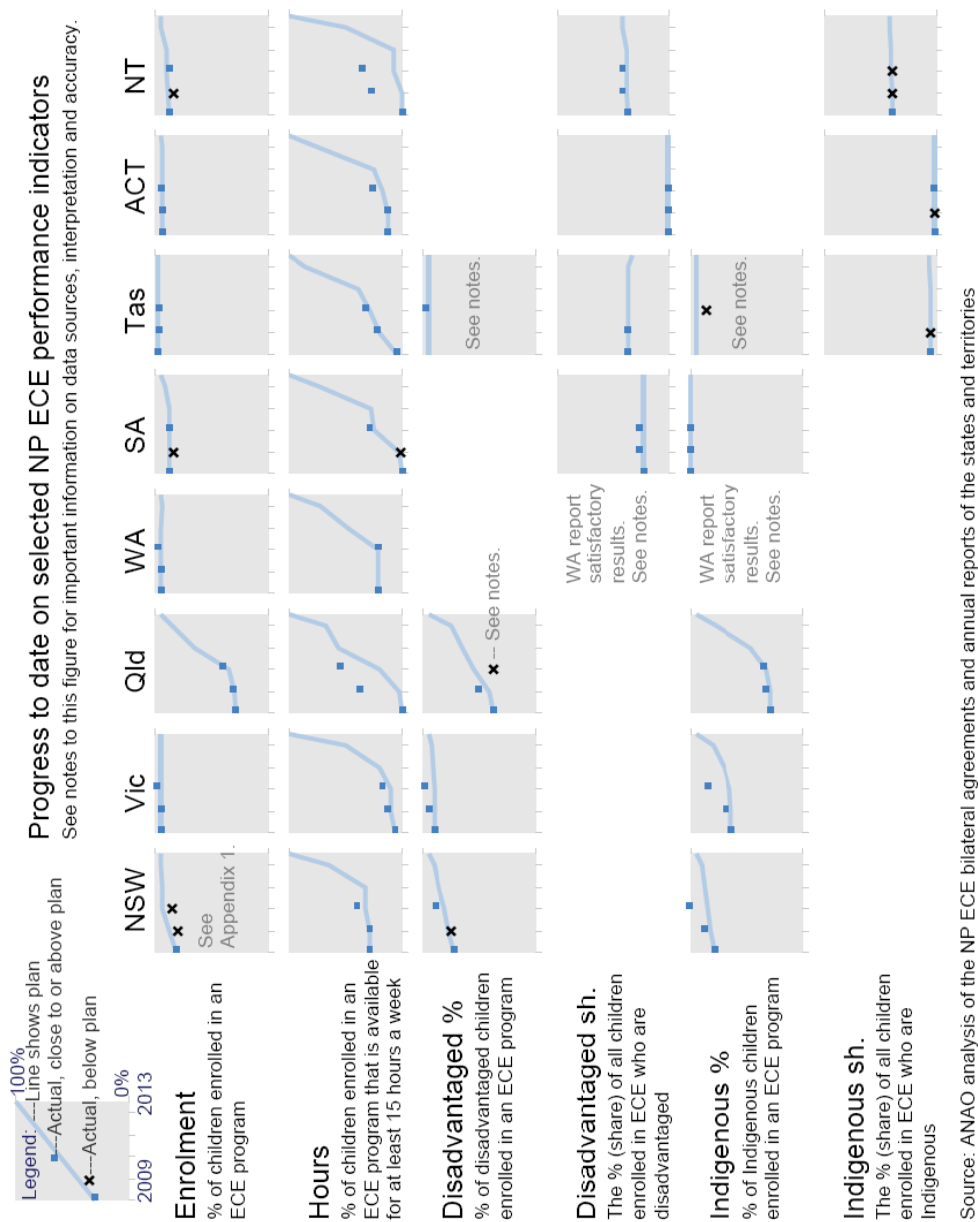
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<sup>81</sup> The NP ECE bilateral agreements (listed under the heading 'Implementation plans') are available from <[http://www.federalfinancialrelations.gov.au/content/national\\_partnership\\_agreements/education.aspx](http://www.federalfinancialrelations.gov.au/content/national_partnership_agreements/education.aspx)> [accessed 15 July 2011].

<sup>82</sup> Available, or planned to be available shortly, from the DEEWR web site <[http://www.deewr.gov.au/Earlychildhood/Policy\\_Agenda/ECUA/Pages/annualreports.aspx](http://www.deewr.gov.au/Earlychildhood/Policy_Agenda/ECUA/Pages/annualreports.aspx)> [accessed 15 July 2011].

Figure 3.2

Progress to date on selected NP ECE performance indicators



## Notes to Figure 3.2

1. Each chart shows the time period January 2009 to June 2013 horizontally, and 0 to 100% vertically. Each column has charts for the named state or territory, and each row has charts for a selected indicator from the NP ECE.
2. On each chart, a pale line indicates planned results over the five years of the NP ECE. Squares indicate reported results which are close to or above plan. Crosses indicate a reported result which is less than 98% of plan (a small margin in flagging shortfalls has been used to allow for minor variations in the data).
3. The source data is states' and territories' NP ECE bilateral agreements and annual reports. These documents contain a number of provisos on data accuracy, and on comparability of data between years.
4. For enrolments for disadvantaged and Indigenous children, there is not a common performance indicator. Some jurisdictions have indicators relating to the % of the target group enrolled in an ECE program, with a 2013 target of 95% ('universal access'). Other jurisdictions have indicators relating to the proportion of all children enrolled (the 'share') who are in the target group. In these cases the goal is that the share enrolled in ECE programs matches the share of that group in the whole population of the jurisdiction. This means the goals for 'share' can be quite different between jurisdictions, although they are all equivalent to 'universal access'.
5. Queensland 'Disadvantaged %': the 2010 result is lower than planned, however the data is reported as not being comparable with previous data, and likely to be an underestimate.
6. Western Australia 'Disadvantaged Share' and 'Indigenous %': the reported results in the Western Australian annual reports are text, rather than numeric, so a chart is not shown. The text indicates that the baseline results have been maintained, and the bilateral agreement indicated that the baselines were satisfactory.
7. Tasmania reported results for disadvantaged and Indigenous children in 2010 as a % not as a share as expressed in their bilateral agreement targets and previous results. Due to this change in reporting, there is no target in the bilateral agreement; 95% has been shown as the target in accordance with the goals of the NP ECE. Notes to the report indicate that the proportion of Indigenous children enrolled is likely to be higher than the reported 87.4% for 2010. A footnote indicates the share measure is calculated as 6.3%, which is ahead of the share target of 5.9% in the bilateral agreement for 2010.

**3.77** A key indicator on achieving the goal of universal access to early childhood education is the rate of enrolment. The planned and reported rates of enrolment for each state, over the life of the NP ECE, are shown in Table 3.4.<sup>83</sup> These figures indicate that states and territories are generally achieving or near to the planned results. A few states are below plan by one or two percentage points. New South Wales was seven to eight percentage points below its planned enrolment rates for 2009 and 2010.<sup>84</sup>

<sup>83</sup> These figures provide a more precise view of the data in the corresponding charts in Figure 3.2.

<sup>84</sup> In response to the draft audit report, the New South Wales Office of Education advised that the New South Wales performance benchmarks for preschool enrolment rates may have been set at unrealistically high levels at the start of the NP ECE and, subject to agreement with the Commonwealth, may be adjusted.

**Table 3.4****Progress compared to plan on overall enrolment rate by state**

State		2008	2009	2010	2011	2012	2013
NSW	<i>Plan</i>		88.6%	94.6%	94.9%	95.0%	95.0%
	<i>Actual</i>	81.9%	81.1%	86.2%			
Vic	<i>Plan</i>		95.0%	95.0%	95.0%	95.0%	95.0%
	<i>Actual</i>	95.8%	96.2%	99.9%			
Qld	<i>Plan</i>		30.0%	36.0%	65.0%	86.0%	95.0%
	<i>Actual</i>	29.0%	32.0%	40.0%			
WA	<i>Plan</i>		95.0%	95.0%	95.0%	94.0%	95.0%
	<i>Actual</i>	95.0%	95.0%	97.5%			
SA	<i>Plan</i>		88.0%	88.4%	88.5%	91.8%	95.0%
	<i>Actual</i>	87.9%	84.5%	87.7%			
Tas	<i>Plan</i>		97.5%	97.5%	97.5%	97.5%	97.5%
	<i>Actual</i>	97.5%	96.5%	97.0%			
ACT	<i>Plan</i>		94.0%	94.0%	94.0%	94.0%	95.0%
	<i>Actual</i>	94.0%	94.0%	95.4%			
NT	<i>Plan</i>		89.0%	90.0%	91.0%	95.0%	95.0%
	<i>Actual</i>	88.7%	84.2%	88.4%			

Source: Bilateral agreements and annual reports of the states and territories. The 2008, 2009 and 2010 figures are as at 31 December of that year. The 2013 goal is due to be achieved by 30 June 2013.

**3.78** The NP ECE also has performance indicators for the:

- number of teachers delivering preschool programs who are four-year university trained and early childhood qualified; and
- distribution of children who attend a preschool program by weekly cost per child (after subsidies) as defined by jurisdictions.

**3.79** As mentioned in the discussion on setting targets (paragraph 2.14 onwards), there was not a common performance indicator across states and territories for these indicators, and there is variability in the data now available. Accordingly, consolidated information on these indicators has not been presented in this report. However, the individual NP ECE annual reports include a description on progress in these areas using the particular information available in that state or territory. DEEWR advises that, in summary:

- All jurisdictions exceeded their target in relation to four-year trained early childhood teachers delivering preschool programs in 2010, except for SA, who fell slightly below target.
- Low to no fees were reported in WA, SA, TAS, ACT and NT. The average weekly fee to attend a kindergarten program in Victoria is reported to be \$33.71 in 2010, a slight increase from \$32.17 reported in 2009. In NSW the cost per day on average fell by four cents for community preschools and fell by larger amounts for Aboriginal and Torres Strait Islander children (\$9.08 compared to \$10.40 previously) and for low income families (\$15.45 compared to \$16.62 previously). Queensland's reported performance suggests an increase in costs (for some cost bands) compared with 2009 results.
- For families accessing ECE through Long Day Care, the costs are generally similar to usual Long Day Care costs. The actual costs to parents will vary depending on their eligibility for child care rebates. Some states provide a subsidy to service providers calculated to cover the cost differential in employing a qualified ECE teacher.

## Conclusion

**3.80** DEEWR had ongoing responsibilities in the areas of performance monitoring, managing relationships, improving data quality and public reporting for the NP ECE. Overall, DEEWR's oversight and management of the NP ECE has been satisfactory. The ANAO considered that DEEWR:

- assessed performance reports and made payments satisfactorily;
- developed and maintained relationships with relevant state and territory agencies well;
- effectively coordinated action in relation to the quality of data to assess progress of the NP ECE; and
- has generally complied with the formal requirements for reporting with regard to the NP ECE, but that nevertheless there is scope to improve access to NP ECE performance information.

**3.81** The Commonwealth, state and territory governments have jointly developed an NP ECE evaluation strategy for 2010 to 2014, and the evaluation is now underway. Importantly, the evaluation is to extend performance assessment beyond measures of access to ECE, to also consider the impact of preschool attendance on children's development and families.

**3.82** Progress toward the goals of the NP ECE has so far been reported by states and territories to be predominantly in accordance with the planned targets. The most significant increases in preschool programs, and 78 per cent of the total Commonwealth funding of \$970 million, are planned for the final two years of the NP ECE, 2011–12 and 2012–13.

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Ian McPhee  
Auditor-General

Canberra ACT  
3 November 2011





# Appendices



## Appendix 1: Agency Responses to the Audit

*Comments were sought on the draft report from DEEWR. In addition, comments were sought from the relevant agencies in New South Wales and Queensland on an extract of the draft report containing statistics and commentary pertaining to their jurisdictions. The Queensland Department of Education and Training had no comments on the extract of the draft report.*

### Department of Education, Employment and Workplace Relations

The Department of Education, Employment and Workplace Relations (DEEWR) appreciates the opportunity to participate in the Performance Audit of the Administration of the National Partnership on Early Childhood Education.

DEEWR welcomes the ANAO's findings that:

- Overall administration of the initial phases of the National Partnership on Early Childhood Education has been effective, initial planning was generally sound and ongoing administration has been well managed. The ANAO have concluded that, "This provides a good foundation for DEEWR to further develop its administrative approach as the National Partnership on Early Childhood Education moves into the main expenditure and delivery phase in the next two years."
- Development of bilateral agreements was effective with satisfactory arrangements in place for the reporting and monitoring of implementation plans.
- Stakeholder relationships were considered to be well managed by DEEWR.
- DEEWR has effectively coordinated activities to improve the quality of data to help measure the progress of the National Partnership on Early Childhood Education towards the goal of universal access.

DEEWR acknowledges that while the ANAO findings were generally positive toward DEEWR's administration of the National Partnership on Early Childhood Education there is further opportunity for improvement.

DEEWR's response to each of the audit's recommendations is as follows:

## **Recommendation 1**

In the context of the steep increase in Commonwealth funding and delivery expectations scheduled over the final two years of the National Partnership, the ANAO recommends DEEWR strengthen assessment of delivery risks, to help inform advice to the Minister on:

- achievement of anticipated outcomes;
- possible policy responses to any emerging issues; and
- any related communications between the Minister and state and territory counterparts.

DEEWR has increased assessment and reporting on delivery risks. DEEWR agrees with this recommendation and agrees that improvement in this regard will “focus on relevant information available to DEEWR, and on any additional information that jurisdictions agreed to provide to help develop a reliable, shared understanding of any risks and anticipated outcomes” (para 2.48).

## **Recommendation 2**

The ANAO recommends that, to support improved information to stakeholders and accountability, DEEWR provide access to timely, consolidated and clearly-presented National Partnership on Early Childhood Education performance information at national, and state and territory levels, alongside relevant background information.

DEEWR agrees with this recommendation, noting that the information to which the ANAO refers is already published in various forms, including through the COAG Reform Council’s reporting as well as the annual reporting under the National Partnership itself. There is also significant national reform underway with regard to the implementation of a national collection of early childhood education data by the Australian Bureau of Statistics, which has considerable bearing on this issue. In terms of the provision of timely and comparable performance information, particularly that provided at the national level, we note that DEEWR will be dependent on cooperation with state and territory governments to achieve this end.

## **New South Wales: Office of Education**

NSW is in discussions with the Commonwealth to amend the performance benchmarks for the performance indicator “proportion of children enrolled in

a preschool program”, so that there is a more realistic trajectory towards achieving 95% enrolment by 2013.

For several jurisdictions, performance benchmarks are set at levels that maintain existing, high participation rates. For others including New South Wales, performance benchmarks reflect the need for significant increases in overall participation in order to meet the 95% target by 2013. However, for New South Wales, performance benchmarks increase more steeply in the early years of the Agreement compared to the other jurisdictions, and precede the increase of Commonwealth funding in the later years of the Agreement whereas it should be expected that achievements follow investments.

The revised trajectory has been foreshadowed in the NSW 2010 Annual Report, and would be visibly implemented from the 2011 Annual Report, starting with the 2010 performance benchmark target.

## Appendix 2: Early Childhood Education in Australia

1. Early childhood education (also known as preschool, or kindergarten) is delivered by a variety of providers, for example: state government preschools; as standalone programs run by community groups; and within long day care centres. The cost to parents, the process for enrolling children, regulatory arrangements and the availability of early childhood education also varies widely across jurisdictions.

2. Children attending a preschool program in 2008 typically participated for 10 to 12 hours per week, for 40 weeks per year. The pattern of attendance varies—for example attending either morning or afternoon sessions several days per week, or attending two days per week.

3. A summary of the key characteristics of early childhood education in 2008 in each jurisdiction is shown the table below.

**Table A.1**

### Characteristics of early childhood education in 2008, compared to NP ECE goals

Indicator:	Goal	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Setting	<i>Mixed</i>	Mixed	Mixed	Mixed	School	School	School	School	School
Average hours offered per week	15.0	12.7	10.0	12.8	11.0	11.0	10.8	13.0	12.0
% of children enrolled in an ECE program that is available for at least 15 hours a week	100%	29%	7%	0%	22%	0%	6%	14%	0%
Enrolment:									
- all children	95%	82%	96%	29%	95%	88%	98%	94%	89%
- disadvantaged	95%	74%	91%	38%	-	-	-	-	-
- Indigenous	95%	80%	64%	29%	95%	100%	-	-	-

Source: ANAO analysis of baseline information in each state and territory's bilateral agreement

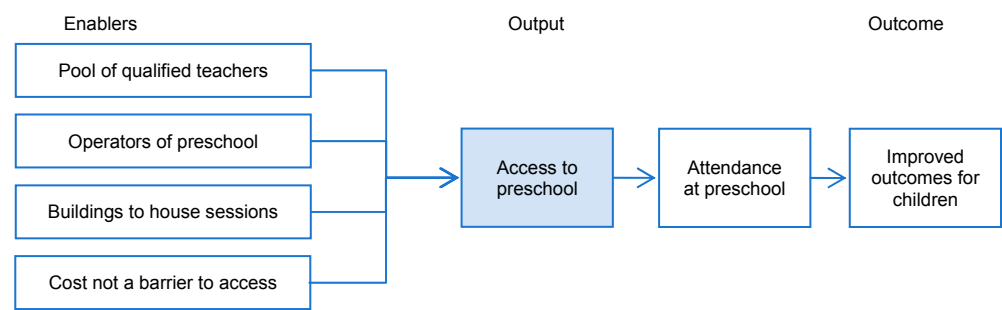
Notes: There are material uncertainties in some of this baseline data, and it would be prudent to treat them as a useful indication of pre-existing arrangements. Some cells are vacant where an alternative baseline measure was provided. See Figure 3.2 for these baselines.

Key enablers for delivery of early childhood education

4. To help understand the activities needed to implement the NP ECE, it is useful to consider the key enablers needed for early childhood education to be accessible<sup>85</sup>, as set out in the figure below. In order to achieve the goal of universal access, the parties to the NP ECE will need to take practical actions on the enablers—such as the number of qualified preschool teachers available.

Figure A.1

Key enablers of accessibility to early childhood education



Source: ANAO analysis

5. Additional factors will also need to be addressed in particular circumstances. For example, there may be additional factors needed to attract teachers to work in regional and remote locations; or a need to adapt the preschool curriculum to be relevant to particular segments of the community.

6. The relative importance of enablers will vary between states and territories. For example, in some states the government is the major operator and can decide centrally to expand preschool operations. In other states childcare centres and community groups are the major operators who will need to take on extra staff and buildings. The decision making process may be more complex in these states, and take additional time.

<sup>85</sup> The figure indicates important factors for accessibility. Additional factors will affect actual attendance, such as publicity to parents on the availability and benefits of early childhood education, location and operating hours, and the suitability of the curriculum.

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