



CPAG 2023 Policy Brief on early childhood care and education

Overhaul early childhood education so it supports child wellbeing

Jenny Ritchieⁱ

June 2023

VISION

All tamariki will grow up surrounded by loving, thriving whānau within supportive communities where there are resources, opportunities and systems to enable them to live self-determined lives and futures.

CPAG acknowledges that tamariki Māori and whānau have unique rights as tangata whenua, affirmed within He Whakaputanga and Te Tiriti o Waitangi. The significant inequities in well-being outcomes and child poverty for tamariki Māori are the result of ongoing colonisation, systemic racism and neglect. Reducing child poverty in Aotearoa requires our country to address the inequitable distribution of power and resources that prevents Māori from flourishing.

ISSUES — THE CURRENT REALITY

System barriers make it difficult – sometimes impossible – for low-income families to access optimal Early Childhood Care and Education (ECCE).¹ This is a serious concern because high-quality, culturally responsive² ECCE can have a strong positive effect on a child's wellbeing, development and long-term outcomes. Conversely, low-quality ECCE can be worse than no ECCE at all, putting children's long-term wellbeing at risk.³

The systemic inaccessibility of high-quality ECCE inequitably affects children in low-income families. It also affects Māori, Pacific and Asian families more than Pākehā families in equivalent socio-economic circumstances.⁴

Yet the gains from attending quality ECCE services are greatest among children from low-income households, and optimum ECCE provides significant opportunities for whānau and family engagement and support.

It also enables parents to return to paid work if this is appropriate and/or required by their family circumstances.⁵ Current policy settings mean families miss out on an estimated \$116 million of paid-work earnings a year, due to the inaccessibility of childcare.⁶

ⁱ Associate Professor Jenny Ritchie, Te Herenga Waka Victoria University of Wellington.

This embedded lack of access to quality, responsive ECCE is primarily driven by:

1. **Lack of affordability:** Childcare in Aotearoa New Zealand has become more expensive in recent years and is now the least affordable in the OECD.⁷ Costs have risen by 50% overall (Figure 1) since the “20 hours free” per week 2007 policy, and have risen even higher (by 57%) for the lowest-income families (household living-costs price index).⁸

Figure 1: Childcare costs are climbing back to pre- “20 hours free” levels

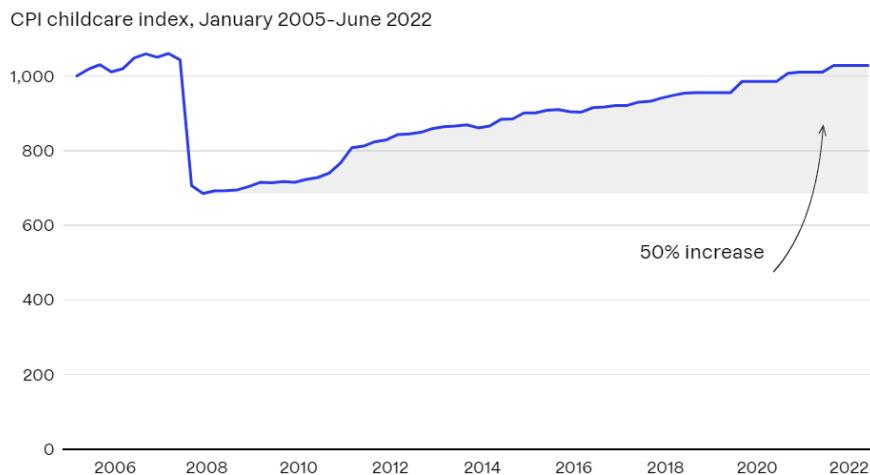


Chart: Felipe Rodrigues · Source: Stats NZ

credit: [Stuff Limited](#)

2. **Variable quality:** In 2021 and 2022, one in every five ECCE services was non-compliant with regulatory standards, with one in every eight services (12%) non-compliant to a level that posed “unacceptable risk”.⁹ It was reported that 20 centres had their licences cancelled in 2021.¹⁰ One-third of services are not focused as expected on learning and teaching, leading the Education Review Office to state that “as a system we are failing to realise the benefits of high quality early childhood education for all children.”¹¹
3. **Lack of availability/diversity:** In many areas waiting lists are long: teacher shortages are an ongoing issue¹² whilst the availability of ECCE services in Pacific languages, for example, has reduced considerably.¹³ Fewer ECCE services are physically located in low-income areas¹⁴, and conglomeration into fewer, larger settings means poorer access for those without transport, and poorer quality of teacher interactions in larger group sizes.

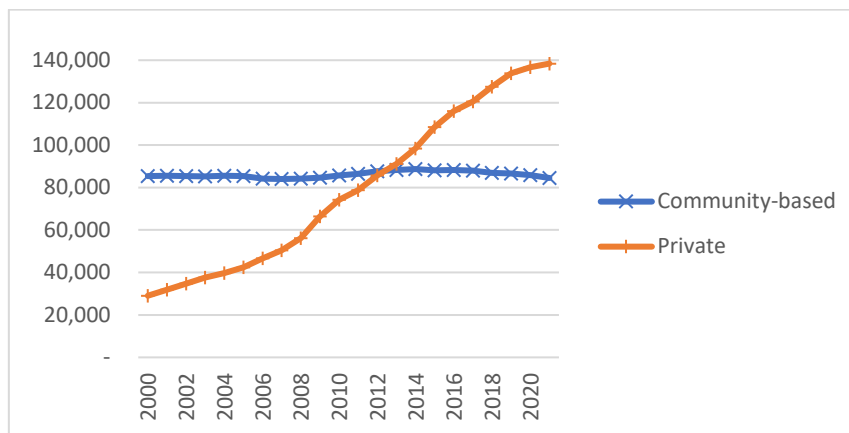
BARRIERS REQUIRING POLICY ACTIONS

ECCE is now primarily a for-profit industry instead of a for-children public service, affecting affordability, quality and availability

Policy setting changes over the past 15–20 years have encouraged corporate operations, so that most centres are now privately run for profit; previously most were not-for-profit (including Kōhanga Reo, kindergartens, community-based care and education settings, and Playcentres) (Figure 2 below).

Nowhere else in our education sector – primary, secondary or tertiary – are community or state providers in the minority.

Figure 2: ECCE licenced places (~number of children), 2000–2021



“Private” in this data includes BestStart Educare. Source: Education Counts¹⁵

The state reliance on market-based provision does not align with children’s best interests and may increase inequities in access and quality because of business imperatives:

- Historically, for-profit centres in New Zealand pay their staff lower wages and have lower ratios of qualified staff, both of which are strong predictors of low quality in ECCE provision.¹⁶
- In 2020, the second biggest ECCE provider – which is listed on the NZ stock exchange – attempted to bring in illegal staff contracts.¹⁷
- Some providers require families to enrol their children for longer than the 20 hours baseline, charging high fees for the additional hours, even if these hours are not needed by families.¹⁸

Policy and funding settings have encouraged larger providers to buy up smaller providers. In 2022 the government paid \$242 million for services to one sole private ECCE provider, BestStart Educare.¹⁹

Inadequate regulations enabled BestStart’s private owner to sell the ECCE business several years ago to their own family charity, which means the ECCE service now pays less tax. This move has other implications as well: because it is owned by the Wright Family Foundation, the provider is now officially considered “community-owned” rather than corporate.

The state has offloaded costs onto families

State funding for the sector has not kept up with inflation; it was frozen for a long period from 2008. Families now pay the shortfall with “a steady increase in the fees asked of parents”.²⁰ Inadequate funding has made it difficult for community providers to survive²¹ – particularly those who serve communities that do not have the resources to pay.

Regarding the 2023 Budget policy to offer the “20 hours free” for 2-year-olds, and the proposed new funding model that aims to deliver pay parity between kindergarten teachers and those in education and care centres,²² the sector is concerned that these initiatives will

not come with enough funding to make them viable and may have unintended consequences such as further centre closures.²³

Poorer quality and gaps

Underfunding has affected affordability and quality, by leading to “increased reliance on untrained staff, [and consequent] reduction of children’s time with qualified teachers”.²⁴ There are also critical gaps in specialist provision. As in other education sectors, conditions for the inclusion of disabled children are severely neglected. Centres and teachers do not demonstrate critique of dominant ableist discourses²⁵ or receive enough support and resources (including one-on-one support aides) to understand and respond inclusively to children with disabilities.²⁶

The mainstream funding and regulatory system is not fit-for-purpose for whānau Māori

More “by Māori for Māori” services are required, and they need to be carefully sited so that they are located within Māori communities.

Kōhanga Reo is the main (although not only) Māori medium service, and in the 30 years since 1993, the number of Kōhanga Reo has nearly halved from 820 to 430.²⁷ It is a right under the UN Declaration of the Rights of Indigenous Peoples for tamariki Māori to be able to access education in te reo Māori,²⁸ and rangatahi themselves have recently re-stated this call in the Taitamariki Youth Declaration.²⁹

The recent announcement of a pathway to pay parity for Kōhanga Reo kaiako has been long-awaited, but Kōhanga Reo services remain poorly funded by the state compared with mainstream services, including for capital spend.³⁰ Kōhanga Reo services need a more appropriate regulatory and licensing framework, and an equitable funding regimen that recognises their unique contributions.³¹

There is little oversight or transparency

ECCE services are essentially “bulk funded”, and private providers have no obligation to divulge their expenditure to their state funders.

For example, for-profit services may receive funding specifically towards paying their teachers the same rates as those with the same qualifications in kindergartens but there is no mechanism to ensure such funding is channelled into teachers’ pay rather than profits.³²

There are also ongoing reports of poor employment conditions and bullying within the sector – with little oversight or regulation.³³ Bias, discrimination and racism also mean teacher recruitment and retention is poor for groups under-represented among staff.³⁴

Recent government actions

A number of positive moves have been made by the government in recent years: legislation enabling the Ministry of Education to refuse licences to underperforming providers; a lift in minimum pay rates for newly-qualified teachers; appointments of Pacific Early Years Learning Support Advisors; an indication (yet to be realised) that setting up state-owned services will be considered in communities where there is insufficient supply;³⁵ and the proposed extension of 20 hours subsidy to 2-year-olds.

However, the Ministry of Education’s dashboard regarding implementation of their Early Learning Strategy indicates that much more is required.³⁶ In addition, a recently proposed funding model aimed at pay parity between kindergarten and early care and education settings has been developed prior to consultation with the sector and has been widely criticised as likely leading to further closure of services.³⁷

RECOMMENDED POLICY ACTIONS

This vital sector is far too important to be ‘left to the market’. The state needs to completely overhaul the funding system in order to prioritise and incentivise the availability, quality and diversity of not-for-profit community-based centres, while reducing government subsidies that are flowing directly into corporate profits or private family organisations.

In addition, a large funding boost is required to provide enough accessible, high-quality, culturally responsive ECCE, which will require funding incentives for teacher education qualifications, particularly for Māori and Pacific language speaking teachers.

It is time to again see ECCE as a “public good” and to fund it as per the compulsory education sector.³⁸

Recommendation 1

- Prioritise working with iwi, hapū and urban Māori authorities to identify gaps in provision (including in the event of potential closures), and to fund new provision of community-based not-for-profit centres, such as Kōhanga Reo and other Māori-language settings, in areas of need.

Recommendation 2

- Prioritise working with Pacific communities to identify gaps in provision (including in the event of potential closures) and to fund new provision of community-based not-for-profit centres such as Pacific language nests.

This involves the Ministry taking a more active role in overseeing ECCE sector provision planning to prioritise these services.³⁹

Recommendations 1 and 2 are actions already identified by the Ministry of Education (as per Objective 5 of their 2019 Action Plan) which have yet to be fully implemented.

Recommendation 3

- Provide fees-free ECCE to all children attending community-based services, via fully funding non-profit ECCE services in a way that aligns with our public schools and kura kaupapa.

This includes kindergartens, Kōhanga Reo, other Māori medium services, Pacific language nests, not-for-profit community care and education settings, and Playcentre; and would mean paying teacher salaries according to current collective agreements directly via the Ministry of Education (MOE).

Furthermore, the MOE should provide pathways for services currently operating for-profit and privately, including as ‘charities’ to become genuinely non-profit and community-based.

This will require lifting current funding levels to provide high-quality, culturally-responsive provision delivered by fully qualified teachers, improved teacher: child ratios, and smaller group sizes.

Recommendation 4

- Close regulatory loopholes so that charitable status in the ECCE sector cannot be used primarily for the benefit of people who are not children, families or teaching staff at ECCE providers.

The purpose of all ECCE service structures must be to serve children and their families and communities, not primarily to reduce vital tax paid to the government.

Recommendation 5

- Remodel ECCE regulation and funding mechanisms, and teacher recruitment and retention, to foster and grow diversity in ECCE provision.

Reforms should reflect the unique contributions of community based non-profit models of early learning such as Kindergarten, Kōhanga Reo, Pacific language nests and Playcentre, and also centres which serve other cultural and language communities in Aotearoa NZ. The Ministry should provide additional funding support for reo Māori speakers and Pacific language speakers to enable them to complete early childhood teaching qualifications.

Recommendation 6

- Require that qualified teachers in all services – both for-profit and not-for-profit – be paid at the same rate as the kindergarten teachers' NZEI collective agreement.

This recognises the importance of fair pay rates in retaining quality staff (important for continuity of relationships with children). Governments have previously agreed in principle with the notion of pay parity but have been slow to implement this,⁴⁰ and the current and proposed funding models are problematic.⁴¹ Furthermore, oversight is required to ensure the funding is used for its stated purpose.

Recommendation 7

- Urgently progress the Ministry's other Early Learning Action Plan items which are currently progressing more slowly than planned, including wrap-around health and social services attached to community hub early childhood services; teacher supply strategy; equity index funding;⁴² planned professional learning and development; reducing group sizes and improving teacher:child ratios; and improving funding transparency.

Recommendation 8

- Require the MOE to review and revise its habitual policy development processes and practices to ensure consultation is genuine, and early enough to effectively inform policy.

IMPACTS AND INDICATORS

If implemented, these actions would be steps towards moving Aotearoa to be a nation where all children and families flourish free from poverty.

1. **Affordability:** Every child can access high-quality culturally responsive ECCE regardless of their family's income. Indicator: Equity in attendance.
2. **Quality:** The proportion of ECCE services fully compliant with regulatory standards, and focusing on culturally and linguistically responsive learning and teaching through improved ratios with qualified teachers in small group sizes, increases substantially. Indicators: 100% compliance. Teacher retention increases considerably.
3. **Availability:** Every child can access high-quality culturally responsive ECCE. Indicator: Equity in attendance across ethnicities.

Overhauling early childhood education so it supports child wellbeing is relevant to the Crown meeting its obligations under te Tiriti o Waitangi,⁴³ and New Zealand meeting:

- Its targets for UN Sustainable Development Goal 4: “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all” .⁴⁴
- Obligations under the UN Convention on the Rights of the Child, such as Article 29 which directs education to child development, social preparation and respect for human rights, for cultural identity, and for the natural environment.⁴⁵
- Obligations under the UN Declaration of Rights for Indigenous People including Article 14 “Indigenous peoples have the right to establish and control their educational systems and institutions providing education in their own languages, in a manner appropriate to their cultural methods of teaching and learning.”⁴⁶
- The national vision “that New Zealand be the best place in the world for children and young people.”⁴⁷

References

- ¹ Sin, I. (2022). [“Access to childcare interim report 1: Who has difficulty accessing affordable childcare?”](#) Motu Note 46, Motu Economic and Public Policy Research Trust, NZ.
- ² Berryman, M., Lawrence, D., & Lamont, R. (2018). [Cultural relationships for responsive pedagogy](#). *SET: Research information for teachers*, 1, 3–10.
- ³ Neuwelt-Kearns, C., & Ritchie, J. R. (2020). [Investing in Children?: Privatisation and Early Childhood Education in Aotearoa New Zealand](#). CPAG, NZ; see also Duff, M. (2023). [“The Juggernaut: How childcare became a for-profit game”](#). Stuff, 5 March 2023.
- ⁴ Sin, I. (2022). See also Ministry of Education (2022). [Vote Education Report in Relation to Non-Departmental Appropriations for the year ended 30 June 2022](#), “Output performance measures and standards” table p. 6.
- ⁵ Neuwelt-Kearns, C., & Ritchie, J. R. (2020).
- ⁶ Duff, M. (2022a). [“The pēpī penalty: How women take a \\$116m hit every year from lack of access to childcare”](#). Stuff, 1 October 2022.
- ⁷ Duff, M. (2022b). [“NZ childcare affordability is the worst in the world, Government discovers”](#). Stuff, 13 November 2022.
- ⁸ Duff, M. (2023).
- ⁹ Pole, N. (2022). [“Education Review Office \(ERO\): Findings in Akanuku / Assurance Reviews and Akarangi / Quality Evaluations in Early Childhood Education \(ECE\) Services”](#). Briefing report, ERO. See also Education Review Office (2022). [Annual Report Te Pūrongo ā-Tau 2021/22](#), ERO, NZ, pp. 35–38.
- ¹⁰ Williams, K. (2022). [More than 100 early childhood services breach licensing standards, 25 closed permanently](#). Stuff, 5 Sept 2022. See also Duff, M. (2022c). [“She works 16-hour shifts looking after the sick. Why won't anyone take care of her baby?”](#), Stuff, 29 September 2022.
- ¹¹ Pole, N. (2022); ERO (2022).
- ¹² Walters, L. (2020). [“Dark underbelly of early childhood education”](#). Newsroom, 7 July 2020.
- ¹³ Duff, M. (2022c); Neuwelt-Kearns, C., & Ritchie, J. R. (2020).
- ¹⁴ Education Counts (2023). [ECE Services Time Series Data: Number of Licensed ECE Places \(2000-2022\)](#) and [Time Series Data: Number of ECE Services \(2002-2022\)](#), NZ Deprivation Index worksheets.
- ¹⁵ Education Counts (2023). [ECE Services Pivot Table: Number of Licensed ECE Places \(2000-2022\)](#), “Authority” data.
- ¹⁶ Neuwelt-Kearns, C., & Ritchie, J. R. (2020); Mitchell, L. (2019). Turning the tide on private profit-focused provision in early childhood education. *New Zealand Annual Review of Education*, 24, 75–89; Ministry of Education (2023). [“Consultation on the Pay Parity Funding Review: Review of the funding system for pay parity in licensed education and care and home-based early childhood services”](#), April 2023.
- ¹⁷ Walters, L. (2020). [“Early childhood business drops unlawful contracts”](#), Newsroom, 3 July 2020.
- ¹⁸ Neuwelt-Kearns, C., & Ritchie, J. R. (2020).
- ¹⁹ Founded by Chloe and Wayne Wright (majority owners of [The Platform](#)). Edmunds, S. (2020). [“Coronavirus: Multimillion-dollar subsidy for childcare centres slammed”](#), Stuff, 6 May 2020. See also Nippert, M. (2020). [“Kidicorp's metamorphosis to Best Start Educare raises tax questions”](#). *NZ Herald*, 11 July 2020.
- ²⁰ NZEI Te Riu Roa (2016). Early childhood education post budget survey: How a six-year funding freeze is impacting on ECE. Wellington, NZ. Quoted in Cherrington, S. (2021). [Defining quality in a divided sector: A review of policy and practice in early childhood settings in New Zealand from 2008 to 2018](#). *NZ Annual Review of Education* (2018), 23: 111–125.
- ²¹ Duff, M. (2023).
- ²² Cherrington, S. (2023). [Extra cash fails to fix funding issues in early education](#). Newsroom, 25 May 2023.
- ²³ Gerritsen, J. (2023). [Early childhood sector says Budget plan to extend subsidy is unworkable](#), RNZ, 25 May 2023.
- ²⁴ NZEI Te Riu Roa. (2016).
- ²⁵ Lyons McAdam, L. M. (2021). [Kei hea ahau ināianai? Where am I now? An examination of the positioning of disabled children in the discourses of long-day early childhood education and care centres in Aotearoa New Zealand](#) (Doctoral dissertation, The University of Waikato).

-
- ²⁶ Macartney, B. (2016). [Early childhood education and barriers to inclusivity: Working toward a fairer system](#). CPAG, NZ.
- ²⁷ RNZ (2023). ['It's about time' - Kōhanga reo teachers welcome pay rise](#), RNZ, 5 May 2023.
- ²⁸ Charters, C., Te Aho, F., & Mason, C. (2022). [Thematic Report: The Rights of Tamariki Māori in Aotearoa New Zealand: New Zealand's Sixth Periodic Review under the UN Convention on the Rights of the Child](#). See also [Waitangi Tribunal \(2012\) Wai 2336: Matua Rautia: Report on the Kōhanga Reo Claim](#).
- ²⁹ Anon (Taitamariki from South Auckland) (2022). [Taitamariki Youth Declaration](#), Office of the Children's Commissioner, NZ.
- ³⁰ [RNZ](#) (2023).
- ³¹ [Neuwelt-Kearns, C., & Ritchie, J. R. \(2020\)](#).
- ³² [Neuwelt-Kearns, C., & Ritchie, J. R. \(2020\)](#). See also [Duff, M. \(2023\)](#).
- ³³ See Gerritsen, J (2022a). ["Teachers, advocates warn of bullying in ECE centres: 'It's a horrific industry to be in'"](#), RNZ, 4 July 2022; and [Walters, L \(2020\)](#).
- ³⁴ Griffiths, V., et al. (2022). Attracting and Retaining Diverse Kaiako in Early Childhood Education in Aotearoa New Zealand. *Teachers' Work*, 19(2), 104–118.
- ³⁵ MoEd (2023). [Early Learning Action Plan, Dashboard March 2023](#).
- ³⁶ MoEd (2023). [Early Learning Action Plan, Dashboard March 2023](#).
- ³⁷ For union concerns see ECE Voice (n.d.). ["Pay parity: Frequently Asked Questions"](#). See also [Cherrington, S. \(2023\)](#); Te Rito Maioha, Early Childhood NZ (n.d.). ["ECE budget promised a Ferrari but delivered a lemon"](#); Childspace [newsletter](#) 26 May 2023.
- ³⁸ [Cherrington, S. \(2023\)](#).
- ³⁹ MoEd (2023). [Early Learning Action Plan, Dashboard March 2023](#).
- ⁴⁰ Gerritsen, J (2022b). ["Govt cut pay parity funding for ECE teachers to balance books, documents reveal"](#), RNZ, 15 August 2022.
- ⁴¹ [ECE Voice](#) (n.d.); [Cherrington, S. \(2023\)](#); [Te Rito Maioha, ECNZ \(n.d.\)](#); [Childspace](#) 2023.
- ⁴² See CPAG 2023 Policy Brief on equity indexing (forthcoming).
- ⁴³ [Waitangi Tribunal \(2012\) Wai 2336: Matua Rautia: Report on the Kōhanga Reo Claim](#).
- ⁴⁴ United Nations (2015). [sdgs.un.org/goals](#).
- ⁴⁵ [UN Convention on the Rights of the Child](#).
- ⁴⁶ [UN Declaration on the Rights of Indigenous Peoples](#).
- ⁴⁷ NZ Government (2019). [Child and Youth Wellbeing Strategy](#).