



# New Zealand Kindergartens Te Putahi Kura Puhou O Aotearoa

Quality ECE:  
worth the  
investment

NZ Kindergartens – September 2010

# Quality ECE: worth the investment

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## Executive summary

The benefits to all children, their families and to society of investing in high quality early childhood education (ECE) are well researched and evidenced. One dollar spent now saves the tax payer up to \$13USD in the future.

*Quality early education is as essential for a productive 21<sup>st</sup> century workforce as roads or the internet; investing in it grows the economy.*

- *Early childhood education for all. A wise investment.* Legal Momentum. New York 2005

The government is reducing its investment in ECE by removing the two top rates of funding in February 2011. These rates support kindergarten to employ 100% qualified and registered teachers. The funding cuts mean a 14% reduction in funding to kindergarten.

The government expects kindergartens - and other ECE services with over 80% qualified teachers - to reduce the number of qualified teachers, transfer the costs to parents, or change their operation to mitigate the funding cuts.

Each of those options is false economy, particularly at the time the government is seeking to increase participation in ECE and lift student achievement at school. The cuts have the potential to have a reverse effect.

The research identifies the key factors in the provision of quality early childhood education and the benefits to children. Critical in the mix is teacher qualifications.

*... effective teachers are the main factor in raising the achievement and fostering the ongoing engagement of students ... Effective teaching is recognised as the most important ... lever for improving educational outcomes for students.*

- *A vision for the teaching profession.* Report to the Minister of Education 2010

Research evidence shows the importance of qualified teachers working with young children: more meaningful interaction, improved cognitive instruction, and greater social competence in children.

Problem solving, taking responsibility, leadership, respect and tolerance, and awareness of the consequence of actions are some of the social competence skills learned and attributes fostered in young children at kindergarten. These are the same set of skills identified by the government's chief science advisor Peter Gluckman to assist children to deal with issues in later life and support the successful transition through adolescence.

*We need to think about the fact that the ability to learn these skills of how to cope in society, requires high quality pre-school and early school education.*

- Professor Sir Peter Gluckman, Prime Minister's Chief Science Advisor 2010

There has been a 14.6% increase in the number of services and 10% increase in enrolments in the last five years contrary to statements that participation has grown less than 1% in that time. There has been an 8.5% increase in enrolments for Māori children, 17.3% for Pasifika children to 11,060, and 31.6% for Asian children to 12,357.

Ministry of Education *Education report: Annual census of ECE services 2009*

Transferring the costs to parents will limit children's participation. Over a third of families attending kindergarten are low-income earners and a third low-middle income earners and are unlikely to be able to accommodate increased costs for ECE.

*An increase in fees in a large number of services will affect the ability of a significant number of families to participate in ECE, including families from Māori, Pasifika and low socio-economic communities.*

- Cabinet paper *ECE budget initiatives: savings initiatives 2010*

Associations affiliated to New Zealand Kindergartens are deeply concerned about the government's view of early childhood education and its significant withdrawal of public investment in the sector.

The 2010 budget decision to cut funding undermines the goals Aotearoa New Zealand was on track to achieve by 2012 to improve quality and to increase participation in ECE. It runs counter to the statements government is making around the importance of effective teachers in raising student achievement.

### **Recommendation**

NZK seeks to engage meaningfully with government to develop and implement policy that will achieve government's objectives and provide the best outcomes for our youngest citizens and their families, and for Aotearoa New Zealand in the future.

We strongly recommend that government:

- set a target for all teacher-led services to have 100% qualified and registered teachers, and
- introduce a funding model to support ECE services to reach the target and retain a 100% qualified and registered teaching team in regulated ratioed positions.

## Introduction

New Zealand Kindergartens Incorporated (NZK) is the umbrella organisation representing twenty nine regional kindergarten associations covering over 430 kindergartens and early childhood education (ECE) services. Over 27,000 families attend NZK affiliated kindergartens and services.

The first kindergarten opened in Dunedin over 120 years ago. Set up by the local community and run by a qualified teacher, the kindergarten focused on the most vulnerable children and their families.

*Without exception, the children in the very early Dunedin kindergartens came from very poor families, where life was a struggle to survive and where mothers often worked in factories or did piece-work at home, in conditions which made it impossible to care for their children properly.<sup>1</sup>*

The legacy of the kindergarten visionaries lives on. The accessibility of kindergartens to children from all socio-economic communities, qualified teachers providing quality education programmes, and the involvement of parents remain the hallmarks of kindergarten in 2010.

Associations in the NZK network are committed to quality early childhood education including employing only qualified and registered teachers in permanent, regulated positions, and maintaining appropriate ratios such as one teacher to ten children for kindergartens with an all day licence. We are committed to maintaining the current network of kindergartens and ECE services offered and to grow that network over time to meet increasing community demand including those in Māori, Pasifika and low income communities.

We are deeply concerned about the government's view of early childhood education and its withdrawal of public investment in the sector. In particular, we are concerned about the government's view that having 80% of staff qualified in a teacher-led service is sufficient to ensure quality, and that the two top ECE funding bands are to be scrapped in February 2011. More alarming is the government's view that in order to meet the funding shortfall, qualified teachers should be made redundant or not replaced, and/or parents pay more for services.<sup>2</sup>

The announcements undermine the goals Aotearoa New Zealand was on track to achieve by 2012 to improve quality and to increase participation in ECE. They run counter to the statements government is making around the importance of effective teachers in raising student achievement.<sup>3</sup>

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<sup>1</sup> Hughes, B. (1987) *Flags and building blocks, formality and fun. One hundred years of free kindergarten in New Zealand*. New Zealand Free Kindergarten Union. Wellington

<sup>2</sup> Hon Anne Tolley, Minister of Education. *Education Report: Cabinet Paper: Tackling ECE teacher shortages*. September 2009. Released under the Official Information Act. July 2010

<sup>3</sup> Education Workforce Advisory Group (2010) *A vision for the teaching profession. Education workforce advisory group report to the Minister of Education. Final report*. New Zealand Government. Wellington. April 2010

We believe the decision taken by the government was made in the absence of evidence to show the short and long terms benefits to children, their families and to society of quality ECE.

In the interview on 15 August 2010 on his work on *Improving the transition: reducing social and psychological morbidity during adolescence* Professor Sir Peter Gluckman, the Prime Minister's Chief Science Advisor, pointed out the "...evidence is overwhelming. If you could invest more in the earlier years your expenditure in later years will be less."<sup>4</sup>

At a time when the government is looking to ensure that public funding is directed to front-line services, to provide services to support and strengthen vulnerable families, to improve school achievement, and to increase participation in ECE, it is concerning to us that Ministers would reduce government's investment in the area that can make a positive difference and meet government objectives.

The purpose of this paper is to present the facts on early childhood education in Aotearoa New Zealand and how quality ECE can support and contribute to meeting government's goals. We present a profile of kindergartens in 2010, and discuss the implications of the government's 2010 budget for the children and families attending kindergarten.

## **Recommendation**

NZK seeks to engage meaningfully with government to develop and implement policy that will achieve government's objectives and provide the best outcomes for our youngest citizens and their families, and for Aotearoa New Zealand in the future.

We strongly recommend that government:

- set a target for all teacher-led services to have 100% qualified and registered teachers, and
- introduce a funding model to support ECE services to reach the target and retain a 100% qualified and registered teaching team in regulated ratioed positions.

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<sup>4</sup> Prof Sir Peter Gluckman. Q and A. Interview with Guyon Espiner, TV One. 15 August 2010. <http://tvnz.co.nz/q-and-a-news>

## ECE - a sound investment

*Quality early education is as essential for a productive 21st century workforce as roads or the internet; investing in it grows the economy.<sup>5</sup>*

The government's key social sector agencies reported on the critical social challenges for Aotearoa New Zealand in the future in the 2008 *Social Outcomes Briefing*.<sup>6</sup> The Health, Education, Social Development and Justice ministries presented an analysis of the issues facing the social sector, identifying government policy successes, highlighting current initiatives to address many of the issues and proposing across-agency responses for others. Early childhood education featured highly in the agencies proposals to tackle issues for vulnerable families and education underachievement.

*Most importantly we need to strengthen our focus on tackling problems before they escalate and become entrenched. ... Gearing our system more strongly towards resilience-building, prevention and early intervention is critical to containing [government] spending pressures and to improving medium to long-term fiscal sustainability for government.*

Taken together, the initiatives proposed by the social sector agencies presented government with a comprehensive set of initiatives to meet our nation's critical social challenges.

Effective teaching for all students by increasing the number of qualified ECE teachers, providing quality professional development for teachers, quality assessment tools for learning, early detection and new preventative programmes in health, and supporting high-quality services for the most vulnerable children and families are highlighted by government's social sector agencies as initiatives that can make a significant contribution. All of these feature in early childhood education.

The social agencies' views are reflected by the Prime Minister's Science Advisory Committee set up to report on practicable actions that could improve the transition through adolescence for New Zealand's young people.<sup>7</sup> Committee chair Professor Sir Peter Gluckman has advised young children before the age of six years need to develop resilience, and to learn the skills to cope in later life.

*...We need to think about the fact that the ability to learn these skills of how to cope in society requires high quality pre-school and early school education.<sup>8</sup>*

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<sup>5</sup> Calman, L.J., and Tarr-Whelan, L. (2005) *Early childhood education for all. A wise investment*. Legal Momentum. New York.

<sup>6</sup> Social Sector Forum (2008) *Social outcomes briefing. Briefing to the incoming government*. Wellington

<sup>7</sup> Office of the Prime Minister's Science Advisory Committee. <http://www.pmcsa.org.nz/>

<sup>8</sup> Prof Sir Peter Gluckman. Q and A. Interview with Guyon Espiner, TV One. 15 August 2010. <http://tvnz.co.nz/q-and-a-news>

Not only is ECE a sound social investment for the country, it is also a sound economic investment.

Early childhood education is a private and public good, and as such warrants government influence and investment. ECE benefits individual children, their families and whanau and, in the long term, society. For every dollar spent in early childhood education, \$13.00USD is saved in the future.

This finding is drawn from a report from the conference on *The Economic Impacts of Child Care and early Education: Financing Solutions for the Future*. It:

*..brings together the work of leading economists to provide clear data on the importance of addressing [quality early childhood education] to the economic growth and productivity of our country.<sup>9</sup>*

The report sets out the short and long term benefits to taxpayers and to the community of high quality ECE noting that ‘..universally available quality early education would benefit everyone and be the most cost-effective economic investment.’

The report highlights:

*High quality early childhood education helps prepare young children to succeed in school and become better citizens: they earn more, pay more taxes, and commit fewer crimes. Every dollar invested in quality early care and education saves taxpayers up to \$13.00 in future costs... Failing to invest sufficiently in quality early care and education shortchanges taxpayers because the return on investment is greater than many other economic development options... Quality early education is as essential for a productive 21st century workforce as roads or the internet; investing in it grows the economy.*

Harvard economist Raj Chetty presented in July this year the findings of a study which examined the adult outcomes of attendance at kindergarten in the United States. The study looked at the group involved in the 1980’s Tennessee project who are now in their 30s, and discovered that the legacy of kindergarten had re-emerged.<sup>10</sup>

*Students who had learned much more in kindergarten were more likely to go to college than students with otherwise similar backgrounds. Students who learned more were also less likely to become single parents. As adults, they were more likely to be saving for retirement. Perhaps most striking, they were earning more.*

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<sup>9</sup> Calman, L.J., and Tarr-Whelan, L. (2005) *Early childhood education for all. A wise investment*. Legal Momentum. New York.

<sup>10</sup> Leonhardt, D. (2010) *The case for \$320,000 kindergarten teachers*. Article. New York Times. July.

Margaret Carr and Dr Linda Mitchell from Waikato University, as part of a literature review contracted by the Ministry of Education, discussed the economic returns from ECE. They considered a number of long term studies tracking children from ECE to adulthood and report that all showed the long-term benefits of quality ECE far exceeded the costs.<sup>11</sup> They conclude:

*A reduction of funding in the early years creates a financial debt for a future generation.*

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<sup>11</sup> Carr, M., and Mitchell, L. (2010) *Qualified teachers in Early Childhood Centres: do we need them?* Occasional Paper. Waikato. June

## Improving student achievement

Ministers have stated, on a number of occasions, the government's priority in education is to lift student achievement. The Education Workforce Advisory Group, set up to provide advice to the Minister of Education on how to raise the overall quality of teaching, highlighted in its report to the Minister in April 2010<sup>12</sup> that:

*The teaching profession plays an integral role in shaping the next generation of New Zealand citizens.*

The advisory group points out the comprehensive body of research which:

*... clearly indicates that effective teachers are the main factor in raising the achievement and fostering the ongoing engagement of students ... Effective teaching is recognised as the most important ... lever for improving educational outcomes for students.*

Teachers are at the front line of the kindergarten service, working directly with children and their families in local communities. We recognise the contribution effective teachers make and the outcomes for children and families of having qualified teachers providing education programmes not only while they attend kindergarten, but also into adulthood.

International and national research identifies the key factors in the provision of quality early childhood education and the benefits to children. Critical in the mix is teacher qualifications. In their 2000 review Anne Smith et al present research evidence indicating the importance of qualified teachers working with young children: more meaningful interaction, improved cognitive instruction, and greater social competence in children.<sup>13</sup>

Problem solving, taking responsibility, leadership, respect and tolerance, and awareness of the consequence of actions are some of the social competence skills learned and attributes fostered in young children at kindergarten. These are the same set of skills identified by Professor Gluckman to assist children to deal with issues in later life and support the successful transition through adolescence.

In their 2008 report *Competent Learners on the Edge of Adulthood*<sup>14</sup> Wylie et al report on the effects of quality early childhood education for young people at age 16 years.

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<sup>12</sup> Education Workforce Advisory Group (2010) *A vision for the teaching profession. Education workforce advisory group report to the Minister of Education. Final report.* New Zealand Government. Wellington. April

<sup>13</sup> Smith, A.B., Grima, G., Gaffney, M., Powell, K., Masse, L., and Barnett, S. (2000) *Strategic research initiative literature review: Early childhood education.* Ministry of Education. Wellington.

<sup>14</sup> Wylie, C., Hodgen, E., Hipkins, R., and Vaughan, K. (2008) *Competent learners on the edge of adulthood. A summary of key findings from the competent learners @ 16 project.* New Zealand Council for Educational Research. Ministry of Education. Wellington. October.

*We found that high-quality centres had a positive, long-lasting association with student's literacy, numeracy and logical problem solving competencies, and also with their social skills.*

The researchers note their findings are consistent with the growing body of international research, and that 'high-quality staff-child interactions' are critical. They identify training, good ratios and staff stability as factors in supporting high quality interactions.

In the 2006 report *The Economic Benefits of High Quality Early Childhood Programs. What Makes the Difference?*<sup>15</sup> commissioned by the Committee for Economic Development in Washington, Ellen Galinsky from the Families and Work Institute concluded that having 'the basics' in place makes the difference. Each of the research studies had the same basics in place:

*They began early*

*They had well-educated, well-trained and well-compensated teachers*

*They maintained small class sizes and high teacher-child ratios*

*They were intensive programs*

The government has a particular focus on raising the achievement of Māori and Pasifika students. In its report on *Success for Māori Children in Early Childhood Services*<sup>16</sup> released in May 2010, the Education Review Office stated:

*Kindergartens were more likely than other service types to be responsive to the aspirations and expectations of the parents and whanau of Māori children ... Kindergartens were also more likely than other types of services to place a high focus on realising Māori children's potential to become competent and capable learners.*

Kindergartens are doing well on ratings of service quality (interactions with children, resources and curriculum), teaching and learning processes and implementation of *Te Whāriki*. The Ministry of Education commissioned *Locality-based evaluation of Pathways to the Future: Nga Huarahi Arataki*<sup>17</sup> showed around 90% of kindergartens in the sample were rated as 'very good' or 'good' quality in 2004 and 2006, compared with only half or less of other service types. Kindergartens stood out as better than average on indicators of assessment, planning, self review, teacher understanding of *Te Whāriki* and implementing a bicultural curriculum. In combination, these processes are associated with positive learning outcomes for children.

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<sup>15</sup> Galinsky, E. (2006) *The Economic Benefits of High Quality Early Childhood Programs. What Makes the Difference?* Committee for Economic Development. Washington. February

<sup>16</sup> Education Review Office (2010) *Success for Māori children in early childhood services*. Education Review Office. Wellington. May.

<sup>17</sup> Mitchell, L., and Hodgen, E. (2008) *Locality-based evaluation of Pathways to the Future: Nga Huarahi Arataki. Stage One Report*. Ministry of Education. Wellington.

The number of Pasifika children enrolled in an ECE service has increased by 1,629 (17.3%) to 11,060 in the last five years of whom 3,147 (28.4%) attend kindergarten. NZK affiliated associations support the government's goals to lift the achievement of Pasifika students.

- *Increase Pasifika children's access to, and participation, in early childhood education (ECE) that prepares them well for school.*
- *Increase the quality of ECE experiences for Pasifika children.*
- *Increase effective engagement of Pasifika parents in early learning and in ECE services in ways that are effective for children's learning and ways that are responsive to parents' and children's cultures and languages.*<sup>18</sup>

We support those goals and can make a considerable contribution to achieving them. For example, the NZK affiliated Wellington Region Free Kindergarten Association recently opened Toru Fetū Kindergarten in Porirua. The first of its kind, Toru Fetū is the first purpose built Pacific Island kindergarten in the country. The kindergarten provides a service for the local community focused on preserving and promoting the Niuean, Cook Island and Tuvaluan language and cultures. The aim is to increase the number of children from Pasifika backgrounds participating in high quality early childhood education. Toru Fetū meets each one of the government's objectives, as well as those of the communities involved, and provides a model for other associations and ECE services.

In its 2009 publication *The Quality of Education and Care in Kindergartens*, the Education Review Office reported:

*Overall, kindergartens provided good to high quality programmes that were responsive to the interests and learning needs of groups and individual children. They had a sustained focus on improving assessment, planning and evaluation systems and knowledge ...*

*Developing children's early understanding and interest in literacy and numeracy was a priority in kindergartens. Teachers generally maximized opportunities to extend, explore and develop children's skills and ideas about oral language, print and mathematics ...*

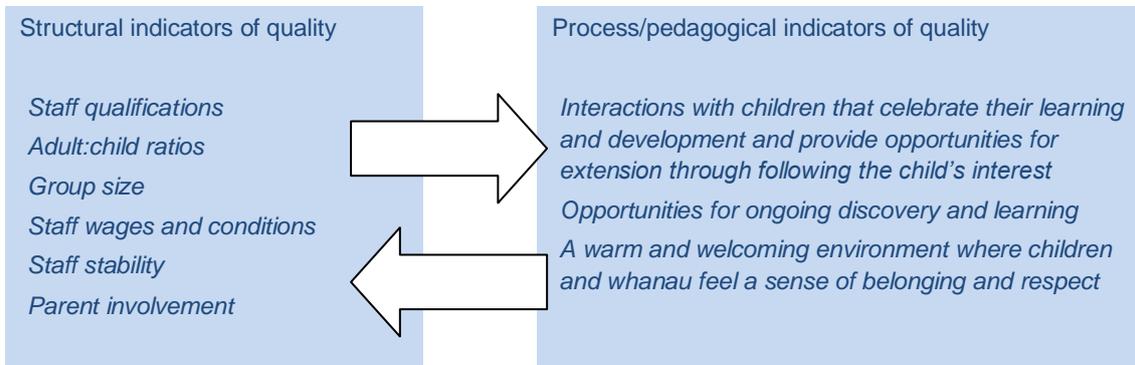
*Kindergarten programmes prepared children well by developing concepts and skills such as independence, self-responsibility and perseverance, and increasing children's confidence in their own ability to learn new skills and take on new challenges.*<sup>19</sup>

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<sup>18</sup> Ministry of Education (2008) *Pasifika Education Plan 2009 – 2012*. Ministry of Education.

<sup>19</sup> Education Review Office (2009) *The quality of education and care in kindergartens*. Education Review Office. Wellington. January.

The national and international research highlights the fact that ECE benefits children and their families, and society in the long term, when it is high quality provision. The literature presents essential elements of quality relating to both structural and pedagogical factors.



A key quality factor is staff qualifications in teaching and the research evidence highlights the importance of having all qualified teachers working with young children. Kindergarten reflects that view and the research and evaluation reports undertaken by the Ministry of Education and Education Review Office and others provide the evidence that kindergarten performs well in terms of outcomes for children.

The major difference between kindergarten and other ECE teacher-led services is that kindergarten employs all qualified and registered teachers who are recognised as having the same status as teachers in the compulsory schools sector, and who are directly supported to maintain their currency of teaching practice by professional leadership teams.

## Kindergarten profile

Affordable, accessible and quality services are the hallmark of kindergarten, underpinning our philosophy. For over 120 years, kindergarten has been a feature in most communities providing a quality ECE experience for generations of New Zealanders. We are passionate about the education kindergarten provides to children and their families. Ours is a culture of inclusivity and professionalism, focused on the child and family.

There are over 630 kindergartens in New Zealand catering for 22,895 (40%) of four year olds attending an ECE service, and 14,697 (27%) of three year olds. Increasing numbers of two and five year olds are also enrolled in kindergarten. Of the 35,293 two year olds attending an ECE service 1,161 (3%) attend kindergarten, and of the 1,681 five year olds enrolled, 526 (31%) are at kindergarten. Kindergarten is 15% of all ECE services catering for 22% of all children attending a service.<sup>20</sup>

NZK associations administer 430 kindergartens. We have over 30 models of operation with over 340 (80%) kindergartens operating an all day licence. While the majority of kindergartens have an all day licence, this does not necessarily mean they operate an all day service. Kindergarten offers a range of enrolment options and session times, offering flexibility to meet the different needs of families within local communities.

A cornerstone of the kindergarten service in New Zealand is our qualified teaching workforce. They are part of the teaching profession as registered teachers. Kindergarten teachers have the same level teaching qualifications as their colleagues in schools and all have a base Diploma of Teaching qualification awarded by a tertiary institution, with around two-thirds of teachers studying towards, or holding, a teacher education degree. They work with the early childhood education curriculum *Te Whāriki*, understanding its connection with the New Zealand Curriculum used in primary school, and the five key competencies: thinking, using language, symbols, and texts, managing self, relating to others, and participating and contributing.

Kindergarten teachers are supported by professional leaders within regional associations who focus on teaching and learning outcomes. These teams oversee the induction and mentoring programmes for newly qualified teachers and the renewal of teachers' practising certificates. Kindergarten teachers have pay parity with primary and secondary teachers and are the only teachers in the ECE sector subject to meeting the professional standards set out in the industrial agreement.

Kindergarten works to provide high quality early childhood education to children in all communities. After *nga kohanga reo*, kindergarten has the highest percentage of Māori children enrolled in an early childhood education service – more than 4,000 children (19%). Over a third of our kindergartens are in low-socio economic areas.

We are committed to making a positive difference for children and their families, and to ensure children are capable, competent and confident to take that next step in their learning.

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<sup>20</sup> Ministry of Education (2009) *Education report: Annual census of ECE services: July 2009*

In the Ministry of Education's recently published report on transition to school, Sally Peters focused on what successful transitions to school look like, the factors that play a role in how well children transition from ECE to school, and the ways in which children can be supported by teachers and families to transition as successfully as possible.

*Overall, one of the key findings is that successful transitions depend on the nature of the relationships between all involved. For children, their friendships, peer relationships and the relationship with their teacher appear central. Respectful, reciprocal relationships between the adults involved are also key factors in a successful transition. This is important for all children but seems to be especially influential for the success of Māori children.*

*Relationships permeate the other key themes for success that were identified in the literature, such as a sense of belonging and wellbeing at school, engagement in learning, learning dispositions and identity as a learner. Children, whose teachers take time to get to know them, affirm their culture, recognise and build on their prior learning, and see promise rather than deficits, reflect many of the features of a successful transition that will support their learning.<sup>21</sup>*

These factors can be observed in the relationships and interactions teachers in kindergarten have with children, their families and schools. Kindergarten teachers understand the importance of successful transition and the context within which it takes place. In recent articles published in the *Education Gazette*<sup>22</sup> kindergarten teachers discuss successful transitions. Working with parents and families, and building positive relationships between the kindergarten and school are highlighted in the transition process. Establishing and developing these connections is a part of teachers' professional responsibility.

Working with government agencies to support families is a feature of kindergarten. The Ministry of Social Development and Child, Youth and Family, special education services and health sector agencies in particular, are those most often involved with kindergarten families where that support is needed. Significant numbers of kindergartens are involved in targeted initiatives supporting vulnerable families such as SKIP and Parent Development and Support programmes, as well as delivering interagency and regional education initiatives across all kindergartens for example *All About Me*, oral health promotion and national programmes such as the *Before School Checks*.

For many parents, kindergarten is often the first education organisation they engage with. Not only does it provide for the child, but also introduces the parents or caregiver to other parents, increasing their social and support network, and provides access to teachers who can offer professional advice on parenting issues such as managing child behaviours.

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<sup>21</sup> Peters, S. (2010) *Literature Review: Transition from early childhood education to school*. Ministry of Education. Wellington. July.

<sup>22</sup> New Zealand Education Gazette. *Talking about transition* 17 May 2010 and *Close bonds key to successful start to school* 9 August 2010

Kindergarten can be the introduction for parents to a governance role, providing experience as a committee or an elected board member, learning skills which they take further as school trustees or as members of community boards. Parents and caregivers' participation in kindergarten can increase their options and confidence to participate in other community organisations, undertake study and/or seek employment. We have a number of examples where parents have enrolled in a teacher education programme encouraged and supported by the kindergarten teachers and graduated to become teachers in their local community.

Several kindergarten associations support other ECE services, particularly independent community based services that need administrative support or professional advice on the curriculum, teaching and learning, or to initiate the teacher registration process for newly graduated teachers. Strengthening the community network reflects a broader social responsibility for associations.

## ECE funding system

ECE currently receives \$1.3 billion each year. There are over 4,800 ECE services, catering for over 180,000 children and the funding supports services to improve quality and to increase participation.

The government has stated on a number of occasions that the cost of early childhood education had almost trebled in the past 5 years, whereas participation had grown by less than 1 percent.<sup>23</sup>

The Ministry of Education data shows that participation has in fact grown quite markedly in that time.<sup>24</sup> There has been a 14.6% increase in the number of services to 4,123 and enrolments increased by 10% to 180,910 with the most significant increases in services for under two year olds.

There has been an 8.5% increase in enrolments for Māori children to 36,118, 17.3% for Pasifika children to 11,060, and 31.6% for Asian children to 12,357.

The current early childhood education funding system was set up to reflect the average costs of services. The Ministry of Education's 'cost drivers' survey completed by services in 2008, identified the areas of expenditure and averaged the costs for services.

The system recognises all types of ECE services. It recognises services on an all day<sup>25</sup> or sessional licence, those catering for under two year olds, and services offering 20 hours ECE. For teacher-led services, the funding system sets out different rates according to the proportion of qualified teachers a kindergarten or centre employs with 100% qualified teachers attracting the highest rate.

The sector has since 2002 been working towards 100% qualified teachers by 2012. The current funding system was designed to reflect government policy and provide incentives for services to reach and maintain the policy target.

The system sets a number of rates including for services employing between 50 – 79% qualified and registered teachers, with the two top rates recognising services with between 80 – 99%, and those with 100% qualified teachers. The sector was making good progress towards meeting the target. As at July 2009, of the staff employed in ECE services, 11,780 (64%) were qualified teachers compared to 7,468 (54%) in 2005.<sup>26</sup>

As a teacher-led service, kindergarten accesses the same funding as teacher-led education and care (childcare) services. The funding mechanism makes no distinction between the services or their legal status i.e.: not-for-profit and for-profit services.

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<sup>23</sup> Hansard 8 September 2010. Minister of Education response to oral question number 6.

<sup>24</sup> Ministry of Education (2009) *Education report: Annual census of ECE services: July 2009*

<sup>25</sup> An all day licence is required by a service operating more than four hours.

<sup>26</sup> Ministry of Education (2009) *Education report: Annual census of ECE services: July 2009*

The qualification policy target shifted in 2009, when the government removed the 100% qualified and registered teacher target, announcing instead centres had until 2012 to reach an 80% target. No evidence was provided at that time or since to support that decision. The issue of teacher supply was cited as a key reason for the policy change: that there were not enough qualified teachers in the sector or about to graduate, meaning services were unable to meet the targets. While the Ministry of Education agreed it would be difficult to reach the 80% target by 2010, its data showed the 100% target *could* be reached by 2012.<sup>27</sup> Cabinet papers reveal the change did not come about because of teacher supply; rather it was about reducing investment and controlling costs.

*This change will control the largest price driver of ongoing ECE cost increases, and direct funding from higher-income families and towards priority groups.*<sup>28</sup>

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<sup>27</sup> Minister of Education (2009) *Extension for teacher targets*. Media statement. *Questions and answers*. 29 October.

<sup>28</sup> Cabinet paper 2009, Office of the Minister of Education. Paragraph 41

## Kindergarten funding

Kindergarten is a not-for-profit service. Associations are registered with the Charities Commission as Incorporated Societies. Every dollar of government funding received goes directly to supporting the provision of quality early childhood education in kindergarten and other association administered ECE services such as education and care centres, home-based and mobile services, Parents as First Teachers (PAFT), Incredible Years and ECE management or professional services contracts.

The introduction of the *20 hours ECE* policy in 2007, combined with the differentiated funding bands to support the government objective to have all qualified and registered teachers in early childhood education services by 2012, meant kindergartens could shift their hours of operation to meet communities' diverse needs without being financially disadvantaged.

Kindergartens were bulk funded in 1993 and a separate kindergarten rate was included in the Ministry of Education's funding system. The funding received did not cover all the costs associations were required to meet and, in order to manage, associations looked for ways to limit spending including deferring maintenance and increasing income through parent and community fund-raising for example. Diversifying to meet community need came at a cost to associations without the required corresponding increase in funding.

Kindergartens receive funding in the same way as other teacher-led services: according to the age of children attending, the type of licence held and whether the kindergarten offers 20 hours ECE. All kindergartens in the NZK network offer 20 hours, the majority cater for over two year olds, and 80% have all day licences. Our kindergartens employ 100% qualified teachers which means they receive the top funding rate.

Kindergartens are part of a regional network administered by associations. Associations range in size from one kindergarten to 63 kindergartens. They are the employer of teachers, management and administrative staff, and have full responsibility for the kindergartens in their associations as the licensee recognised by the Early Childhood Education Regulations 2008, including for all property and maintenance. All associations have a governance board comprising volunteer board members which may include kindergarten parents and community members.

Government funding is the key source of funding to kindergarten representing around 92% of association income. Funding goes to the association which administers the funding including the teacher payroll. Associations are required to manage the association's affairs in much the same way as a government agency or business, ensuring full accountability for the use of public funding. NZK associations are committed to supporting ongoing governance best practice in the same way the School Trustees Association support school boards, to oversee the strategic direction and protect the assets of the association and kindergartens within that community.

Since 2007, the majority of kindergartens in the NZK network have changed to offer a diverse range of hours to families, better meeting community demand. This reflects the changing and complex demands within families including parents and caregivers entering the workforce part or full-time, taking up or returning to study, and those in unpaid work. The most significant move from sessional to all day licences, which shifted teacher:child ratios from the regulated requirement of 1:15 to 1:10 required associations to employ more qualified teachers.

Associations report spending government funding in three key areas, all improving the quality of the service to children and families.<sup>29</sup>

Staffing	Increased teaching staff and better ratios resulting in better and more sustained interactions with children; employment of part-time administration staff and teacher aides in kindergartens; specialist staff such as kaiwhakahaere or Māori advisors, early intervention advisors, Pasifika advisors
Education programme	Enhanced professional development for teachers; ICT implementation and upgrading; kindergarten redevelopment of both indoor and outdoor spaces.
Property	Building 12 new kindergartens or ECE services; deferred maintenance including re-roofing, drainage, painting; extending or renovating buildings to meet regulatory requirements. Many kindergartens were built in the 1950's and 1960's to accommodate a growing population. That stock is over 50 years old and combined with the deferred maintenance of the 1990's and the requirements of the new ECE regulations meant most kindergartens were in need of renovation and significant maintenance work.

The growth of kindergarten over the last decade has been slow. New building projects required the support of the Ministry of Education through the Discretionary Grants Scheme (DGS) and community funding.

As community-based organisations, kindergarten associations had limited expertise or ability to raise or service a mortgage. The growth in the education and care sector during this time reflected an increased demand for longer and more flexible services and the ability of the private sector to raise capital.

Kindergarten teachers are employed by associations. They are covered by a collective employment agreement – the Kindergarten Teachers, Head Teachers and Senior Teachers' Collective Agreement which is negotiated by the Ministry of Education and NZEI Te Riu Roa. Kindergarten teachers have pay parity with their colleagues in primary and secondary schools.

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<sup>29</sup> New Zealand Kindergartens (2010) survey of associations

We support teachers being covered by a national collective agreement: it reflects the fact that teachers are part of the teaching profession, that teachers are part of a wider kindergarten network, that terms and conditions are equitable, fair and transferable, and it prevents regional variations which have the effect of ratcheting rates impacting on recruitment and retention.

From February 2011, kindergarten associations will face a 13% reduction in funding – around \$47,000 per kindergarten each year. Removing fixed salary costs, this represents a 30 - 50% reduction in association operational funding. This means meeting the cost of teaching and learning resources and equipment, professional development, utilities costs, building and outdoor development will come under pressure. This is a significant shortfall and a considerable burden for communities to pick up.

Associations have limited ability to generate funding beyond the government funding:

- operating *20 hours ECE* means kindergarten can only charge a fee for the hours not covered by the 20 hours or beyond it;
- like other services, kindergartens can only claim funding for up to an additional 10 hours per week. Around one third of children attending kindergarten attend longer than 20 hours each week, 46% an extra four hours, and 43% up to seven extra hours;
- a number of associations ask parents for a weekly donation to which only a percentage contribute;
- optional charges can only be requested to meet the costs of aspects of provision not required by regulation, additional staff beyond the minimum required, items the parents may provide for their own child or pay the service to provide.<sup>30</sup>
- sponsorship and grants can only be accessed from national and local organisations and businesses for one-off projects.

Parents provide additional funding through fund-raising activities, and many subsidise the service through their considerable volunteer contribution as governance board or committee members, undertaking maintenance work, and providing parent support in the education programme.

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<sup>30</sup> Ministry of Education (2010) *Early childhood education funding handbook*. Ministry of Education. Wellington. Chapter 4

## Risks for government

The funding cuts are scheduled to take effect in February 2011. They will negatively impact associations and families in different ways. In its pre-budget papers to government, Treasury cautioned the government that:

*... virtually all options [to reprioritise expenditure] will affect the consumers of the education service by either reducing standards or by increasing the amount they pay for the service.<sup>31</sup>*

Government received advice from the Ministry of Education on the risks of cutting funding and changing policy related to qualified teacher requirements and teacher supply.<sup>32</sup> The risks included:

- compromising the quality of education programmes and outcomes for children;
- a surplus of qualified teachers in the sector;
- increased fees for parents;
- reduced financial viability for services.

There is no question that associations will have to increase income or reduce expenditure or a mix of both. Failure to take action is not an option.

The Ministry of Education put a figure on the amount parents could be required to pay as a result of the cuts announced in the budget of between \$30 and \$80 each week.<sup>33</sup>

Given the kindergarten demographic of over a third of families being low-income earners, and a third low-middle income earners, the majority of kindergarten families are unlikely to be able to accommodate increased costs for ECE. The Ministry noted:

*An increase in fees in a large number of services will affect the ability of a significant number of families to participate in ECE, including families from Māori, Pasifika and low socio-economic communities.*

Reducing the quality of the service by making qualified teachers redundant or not replacing teachers who resign is false economy. There is a cost of having untrained staff working with qualified teachers on outcomes for children. Qualified teachers are required to supervise other staff in their interactions with children, it is the qualified who have the curriculum expertise and knowledge and understanding to provide successful education programmes.

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<sup>31</sup> Treasury report. *Budget 2010 for education*. November 2009

<sup>32</sup> Hon Anne Tolley, Minister of Education. *Education Report: Cabinet Paper: Tackling ECE teacher shortages*. September 2009. Released under the Official Information Act. July 2010

<sup>33</sup> *ECE budget initiatives: savings initiatives as at 24 February 2010*. Released under the Official Information Act. July

For children to gain the skills and attributes identified by Professor Sir Peter Gluckman needed to support their success in adolescence, they need a high quality programme provided by teachers who understand how that knowledge is gained, can provide appropriate experiences and models, can assess and evaluate children's learning, and can articulate on a professional level, and to parents and caregivers, how the child is developing those skills.

Professor Helen May, Dean of the University of Otago College of Education, also highlights the risks to Aotearoa New Zealand's reputation.

*For some years New Zealand has been internationally regarded as a flagship in creating the necessary infrastructure of early childhood policy around issues of quality, qualifications, access and curriculum. There is still more to do, and the undermining of those policies is dispiriting, and even embarrassing, as there is continuing worldwide interest in our policy initiatives.<sup>34</sup>*

Peter Moss, Professor of Early Childhood Provision at the Thomas Coram Research Unit, Institute of Education University of London, writes widely on our policy framework and promotes it as an example to other jurisdictions.

*New Zealand has developed a national framework, which brings some coherence to the system around issues of equity and access ... [It] has an integrative concept that encompasses all services – 'early childhood education', a broad and holistic concept that covers children, families and communities, a concept of 'education-in-its-broadest-sense' in which learning and care really are inseparable and connected to many other purposes besides. New Zealand has, in short, understood the need to rethink as well as restructure, early childhood education and care.<sup>35</sup>*

It is not in the best interests of our children and families, or for Aotearoa New Zealand in the long term, to reduce the quality of the service offered or to make kindergarten unaffordable: rather than lifting student achievement and increasing participation this would have the reverse effect, defeating the government's priority objectives.

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<sup>34</sup> May, H., Smith, A., and Carr, M. (2010) Families should beware of the erosion of quality in Early Childhood Education, according to three Professors of Education. *Press release*.

<sup>35</sup> A quote from Professor Peter Moss cited in a presentation by A. Coulston, April 2010

## Conclusion

*Because most of these benefits are longer-term while the costs of mounting the programs are more immediate, the political system tends to be biased against making such investments. However, any business that operated in this way would likely fail to succeed. A similarly dim prospect may be in store for a country that fails to take advantage of such solid investment opportunities.<sup>36</sup>*

Associations in the NZK network are committed to high quality early childhood education including employing only qualified and registered teachers in permanent, regulated positions, and maintaining appropriate ratios such as one teacher to ten children in kindergartens with an all day licence. We are committed to maintaining the current network of kindergartens and ECE services offered and to grow that network over time to meet increasing community demand including those in Māori, Pasifika and low income communities.

We are deeply concerned about the government's view of early childhood education and its significant withdrawal of public investment in the sector. The 2010 budget decision to cut funding undermines the goals Aotearoa New Zealand was on track to achieve by 2012 to improve quality and to increase participation in ECE. It runs counter to the statements government is making around the importance of effective teachers in raising student achievement.

At a time when the government is looking to ensure that public funding is directed to front-line services, to provide services to support and strengthen vulnerable families, to improve school achievement, and to increase participation in ECE, it is baffling to us that Ministers would reduce government's investment in the area that can make a positive difference and meet government objectives.

## Recommendation

NZK seeks to engage meaningfully with government to develop and implement policy that will achieve government's objectives and provide the best outcomes for our youngest citizens and their families, and for Aotearoa New Zealand in the future.

We strongly recommend that government:

- set a target for all teacher-led services to have 100% qualified and registered teachers, and
- introduce a funding model to support ECE services to reach the target and retain a 100% qualified and registered teaching team in regulated ratioed positions.

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<sup>36</sup> Dickens, W., Sawhill, I., and Tebbs, J. (2006) The Effects of Investing in early Education on Economic Growth. *Policy Brief #153*. The Brookings Institution. Washington. April

## **Annex A**

### **NZ Kindergartens – member kindergarten associations**

Ashburton  
Canterbury Westland – Kidsfirst  
Central Otago  
Dannevirke  
Dunedin  
Geraldine  
Gisborne  
Heretaunga  
Lower Hutt - Hutt City  
Kaitia and Districts  
Marlborough  
Napier  
Nelson District  
North Taranaki  
Northern Auckland  
Northland  
Oamaru  
Rimutaka  
Ruahine  
South Canterbury  
South Otago  
South Taranaki  
Southland  
Tauranga  
Te Aroha  
Waimate  
Wanganui  
Wellington Region  
Westport

**N E W   Z E A L A N D**



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