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**Choices for Children:
The success of the early childhood sector in New Zealand**

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“Choices for Children”
The success of the early childhood sector in NZ

Thank you for the invitation to speak to you today about the successful early childhood sector.

I thought one of the best ways I could illustrate the success of our sector would be to firstly tell you just a little of how I became involved in early childhood education.

I have been actively involved in the early childhood sector for nearly 15 years, an area I stumbled into when my own children were preschoolers.

In 1990 when I was first investigating preschool options for my daughters I was less than impressed with what I found. The centres in the area where we were living were not, in my view, welcoming environments where I felt comfortable to leave my most precious possessions.

However I did consider it important that they enjoy socialisation with other children and I was keen to rejoin the workforce so I was anxious to find somewhere suitable.

I decided to explore the possibility of setting up an early childhood centre, one that would provide the sort of environment that I wanted for my children, one that would meet their needs.

I was an ex-public servant so had an expectation that working my way through the bureaucratic process of establishing an early childhood centre might not be an easy one, possibly even an impossible one for a mere parent. But to my surprise I discovered the early childhood regulatory and funding regime was indeed one that clearly encouraged the establishment of new facilities.

I wish I could say the same for the lending institutions, trying to convince a middle-aged banker that an early childhood centre was a viable business back then was a jolly sight more difficult than dealing with the Ministry of Education! However, with perseverance, even that particular hurdle was overcome.

And such was the success of that first little centre in Manukau, within the next three years in partnership with another mother of preschoolers, we went on to establish two further centres.

Our centres were a success because like any other successful business they focussed on their customers. Our customers were the children and their parents, if they were happy then not only did they continue to attend our centres, they told all their friends to bring their children to our centres as well.

If they were not happy they left, and they took their children with them, and importantly the government subsidy paid to our centre for their child left with them too. This was a powerful incentive to ensure that the service we provided not only met their needs, but exceeded their expectations at all times.

Now I consider my daughters were very fortunate, they happened to hit the preschool years soon after the Lange government introduced the far-reaching “Before 5 Reforms” in 1989 which enabled their mother to build them their own kindy.

Prior to this, the sector was poorly funded and the quality of centres reflected this. There was very little private investment in early childhood education. Essentially families had few choices about the early childhood education their child would receive.

The “Before 5 Reforms” reformed the funding mechanisms in the ECE sector so that funding was no longer dependent on the type of service. In addition, funding was extended to include children under the age of two years.

Funding provided to ECE services was based on enrolment as it continues to be so today; in other words, the funding follows the child.

Implementation of the “Before 5 Reforms” was also intended to enhance the educational aspects of early childhood services with the introduction of curriculum guidelines and levels of training for staff.

In the decade immediately following the 1989 reforms, around 800 new services were established by private individuals, companies, incorporated societies, and charitable trusts.

New Zealand now has over 3500 licensed early childhood services, employing over 13,000 staff and catering for 160,000 children. A further 20,000 children attend licence-exempt services.

So what were the factors that gave these hundreds of bodies the confidence to invest millions of dollars of private money into early childhood education creating the high quality, diverse sector we have today?

It was quite simply really.

The way that the NZ early childhood sector has developed, the State is not a provider of services but it does provide significant regulatory control and funding

subsidies. Early Childhood providers agree a contract of service with the Government which involves regulations, a Charter, 'desirable objectives & practices' and funding rules and then the owners and managers get on with the job.

I will now talk a little about the features which have guaranteed the success of our sector.

Bulk funded tax-payer support

The key funding concept is that once the Charter is agreed, the Government (using taxpayer money) pays each service based on the number of children and hours they provide for. The more successful you are at attracting parents/children, the more you get paid. Funding is bulk funding. Services can spend it on any operational or capital cost they like.

Incentives for successful providers

Inherent in this type of bulk funding is that payment is based on the number and hours enrolled. Those unable to attract children go out of business, those whose service features are popular, grow and expand.

No parent fee limits

In most centres an additional fee is payable by the parent and this is controlled by the market and allows parents to pay more for higher services and in more expensive locations.

Targeted fee subsidies for lower income

To mitigate against high parent fees and to improve access, low income families are entitled to a direct subsidy to reduce their fees. If they move centres, this funding entitlement follows them.

Choice

A parent can choose any centre (or combination of centres) they like. The funding support from the taxpayer automatically follows no matter what type of provider.

No start-up or location limits

An operator can set up wherever they like and if they get enrolments, they get funding.

Competitive environment

Whilst the early childhood market is highly competitive there is ample evidence of co-operative behaviour and mutual support, the ECC organisation is evidence of this. But the early childhood education provider organisations must perform and continue to innovate and improve or they risk lower rolls and decreased viability. They compete for staff, for parents and children with a diverse range of service features and prices.

Locally managed operations responsive to parent demand

There are very few nationally co-ordinated 'chains' of providers. Most all day centres are single centre sites, owned and operated by people from that community. This enables them to be very sensitive to local demand and to respond to changes quickly.

Relatively unrestricted curriculum

Whilst there are plans afoot to legislate a mandatory standard national curriculum ("Te Whaariki"), centres at the moment are still free to interpret the curriculum goals and provide activities and programmes best suited to their philosophy, their children and local demand.

No state provision: exclusively provided by civil society, (a mix of community and private enterprise)

There is no direct state provision of early childhood education in New Zealand. The state is the regulator and partial funder. All providers/employers are not part of the public sector. Some are created and managed by social/community entrepreneurs (like incorporated societies and trusts) and some are private enterprise. This provides a diverse and vibrant mix.

Non-unionised workforce

The number of union members and collective agreements is very low. Around eight percent of staff are in the union. Centres are small-scale operations usually with the operator in a close relationship with her staff.

Performance pay

Pay is generally based on role and performance rather than years of service and qualification. Good teachers are rewarded with higher pay than poorer teachers.

I consider there are three essential elements to make "choice in education" work:

1. There must be a consistent and predictable regulatory framework where the rules are the same for everyone entering the market.
2. There must be adequate universal funding with additional targeted funding for low income families.
3. There needs to be a mechanism for providing consumer confidence, through a credible independent agency that provides an objective assessment of the services.

And to those who question whether we can "trust" parents to make the right decisions about their children's education I simply say yes, we can and should trust parents.

Parents do want the best for their children, and generally they do know what is good, and certainly they quickly recognise what is not good.

Sadly, for most in the compulsory sector, there is little they can do when they are not happy with the standard of the education their children are receiving.

Market provision has worked in the early childhood education sector.

And families and our children have been the winners.

I hope that today I have gone some way to convincing you that with the right regulatory and funding framework in place, there is no reason in the world that it can not also work for the compulsory education sector.

Parents can and should be trusted to make the best choices for their children.