

Education Minister Jan Tinetti
cc Minister Jo Luxton

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Dear Minister Tinetti,

We write to you as Early Childhood Sector (ECE) leaders who are incredibly concerned at the ongoing policy development and implementation failure within the Ministry of Education (MoE). The crisis in the ECE sector has the potential to worsen should the MoE continue to develop policy that undermines the sector.

We ask to meet and discuss the issues, and for the opportunity to work together in a mana enhancing manner, following an independent funding review.

Every child matters in Aotearoa New Zealand and every child deserves an education!

Early Childhood Education (ECE) in Aotearoa New Zealand delivers public value and is a public good. As of June 2022, there were 4,597 early childhood licensed providers that made up the ECE Network. The diversity within our sector enables us to deliver significant public value and public good, individually, and collectively, for the citizens of our country and provide parents/caregivers choices in ECE.

The evidence is indisputable that what happens in ECE makes a difference for a lifetime. In 2015, the Organisation for Economic Cooperation and Development (OECD) published a report that represented a synthesis of the policy and practice statements of participating jurisdictions, establishing shared views of children's early learning and development. These views hold true today.

The report states: *"Children's experiences early in life have a profound and long-lasting impact on their future. Helping all children receive positive and nurturing support in their early childhood is highly valued by members of the OECD Early Childhood Education and Care (ECEC) Network. The more positive the early childhood experiences, the greater the benefit to caring and responsible societies.*

The early years (from birth through the transition to elementary school to approximately eight years of age) are a period of intense learning and development, when tremendous changes occur in the brain over a short period of time. In the first year of life, the architecture of the brain takes shape at an astounding rate – approximately 700 new neural connections are being built per second. Studies have shown that that this process is not entirely genetically predetermined, but rather is significantly influenced by children's early experiences with people and their surroundings and their access to pertinent and meaningful stimulation.

This influential period (0-8 years) is also characterised by the unprecedented physical, social, emotional, and cognitive growth (e.g., language and other communication) abilities. One way to significantly decrease gaps in achievement later in life is to provide enriching learning experiences to children well before they enter school.

High quality ECEC settings can have profoundly positive impacts during the most sensitive early phase of children's development and learning. Access to high quality ECEC settings can play a part in reducing social inequities, not only in the early years but in future years.

High quality, accessible ECEC settings can enhance women's opportunities for employment, improve gender equity and reduce social risk and family poverty. It is important, when ECEC policies and programs are being developed, that concepts of affordability and access be prime considerations.

The ability to derive social, long-term health and economic benefits, as well as the ability to contribute constructively to the community, hinges on the early years. Studies show that positive early experiences lead to improved determinants of health, resulting in fewer instances of depression and better health outcomes, throughout the life cycle. For this reason, the economic benefits of investments in the early years are well-documented”.

Despite the factual basis on which the ECE sector is predicated, the Government, and specifically the MoE continue to act in a way that suggests the sector is not part of the solution. We need to get past the elephant in the room and accept that ECE is delivered by a range of providers and create an equitable funding system that reflects the diversity of the sector and works for everyone, particularly parents and whanau.

Pay Parity Consultation

The Pay Parity Consultation has been an unmitigated failure. There is no possible way to convey how disappointed the sector was in this process, and the suggested outcomes. It was insulting to be “invited” to provide feedback on a Consultation document about a Pay Parity Funding Review that simply seeks to shift already-constrained funding within a system that is already significantly underfunded.

The lack of rigour and foresight in relation to the questions posed, and the context in which the narrative was presented, demonstrated a lack of understanding and interest in the significant challenges being experienced across the sector, and dismissed the genuine goodwill of providers looking towards a sustainable future.

The fact that there was a section within the consultation document focused on viability and transition support, clearly demonstrated that Government is fully aware that some providers will be unable to operate within a compulsory Pay Parity environment. Further, the proposals outlined will erode the very essence of Home-Based Services and, within a short period of time, we strongly believe this service will not be part of the rich fabric of our ECE sector.

We, together with sector colleagues, were excited about the commitment and investment from the Government in the Early Learning Action Plan (ELAP) 2019-2029. We saw the Action Plan as a mechanism to deliver a coherent, equitable and sustainable approach to quality ECE provision.

Since the publication of the ELAP, other significant complementary work programmes have evolved across the sector - in particular, Pay Parity, Pay Equity, and Fair Pay Agreements. These three work programmes all relate to the funding model for ECE. The Pay Parity work, in particular, relates directly to the established ECE Funding Model.

The fundamental problem is that the ECE Funding Model is flawed and outdated. It is based on a rationing system that does not reflect the contemporary environments in which we are delivering public good and public value. The experience of Kindergarten is a clear example of how applying the current model across the sector, will further fragment and undermine services and the sector as a whole.

The ECE sector has been significantly lagging behind the KTCA. When the government moved to pay parity, albeit partially, it did not fund the sector to pay teachers, especially more experienced teachers, in line with their Kindergarten colleagues. We were excited about the announcement and the potential for investment, but when the hood was lifted, members just sat down and cried! Many in the Sector believe that the MoE's poor implementation of partial pay parity for steps 7-11 was so badly managed that it is financially crippling quality services and compounding closures.

The process of transitioning political policy, to MoE policy, is failing both the government and the sector. To succeed the Ministry must work with the sector to eliminate unintended consequences. To name one example that epitomises this 'consultation', we need look no further than the Pay Equity Advisory Group who do not agree with the majority of the proposal, indicating their feedback and recommendations have not been incorporated in the early stages of the process. The current process is either broken, or the intention is to actively avoid working with the sector.

Services were pushed to the brink in 2019 after years of underfunding from the previous government and then very minimal investment from the Labour government. Overlay Covid, teacher shortages, and then the Pay Parity initiative, the sector is now stretched.

While we appreciate, but do not necessarily agree, that ECE within Aotearoa is a shared cost between Government and whānau, there needs to be recognition, and accommodation of the actual costs relating to teacher salaries, as well as provision for the increasing costs of maintaining quality services.

In particular, a focus on regulation and compliance, recruitment, education/development of the workforce, provision and maintenance of safe and appropriate environments, provision of services within remote and low socio-economic communities, and the growing need for provision of social wellbeing services is required. All of these costs need to be factored into a contemporary funding model.

While we are being asked to provide feedback about Pay Parity, and we do so because of the importance of this mahi, we urge the Government to look at this slice of the work programme within the broader context of providing fit-for-purpose, sustainable, quality early childhood education for generations to come. The first step in advancing this broader mahi is to undertake a full review of the funding model.

Budget 2023

There was considerable excitement from the ECE sector that it had been heard and there was to be significant investment. That excitement was extremely short lived as the sector looked beyond the public focused message and at the implications that are either intended, or potentially worse, unforeseen.

We cannot begin to tell you how disappointed we are. If the sector are correctly interpreting the as yet unpublished conditions attached to the 20 hours free funding, there is a potential that services won't be able to provide meals, staff at better than the regulated minimum ratios, or operate for longer hours. It may even mean redundancies to reduce costs to balance the loss of much needed income

from fees. Quality ECE will be put back 50 years with a 20 hours free subsidy that has just made every ECE provider unsafe for tamariki!

The extension of the 20 hours free subsidy to two-year-olds is potentially great for whānau and their tamariki. However, the impact on centres that take on families who want to use only their 20 hours free, is that they will not be able to charge these families fees that would have been used to employ additional teachers to improve the quality of education and care provided. We wonder whether the government intended to drive 1:10 ratios for toddlers – where is the quality in that for our tamariki?

Services are providing full days and cannot afford to have larger numbers utilising only 20 hours! Where will the revenue come from to fill the gap between those funded hours, and the hours a centre is open to accommodate those families needing more than 6 hours a day education and care? Where will the money come from to pay for nappies, food, educational resources etc, when potentially, the new regulations will prevent this from being sourced from parental fees?

The additional conditions are yet to be announced, and these are the driving force of the considerable anxiety in the sector relating to the Government's suggesting that 20 Hours ECE is "free". The previous government removed the word 'free' from the 20 hours policy, which enabled providers to make up the shortfall in funding to provide ECE, the clear indication of the re-heated policy, is to convince the public that providing 20 hours ECE for two years olds as well as to the existing 3–5-year-olds will in actuality be free. The unresolved issue is that there is no indication as to whether the additional funding in the budget to make this cost neutral to providers is sufficient. Past experience would suggest it will be inadequate.

While we understand that both the budget and party policy is political in nature, if you wish to use the word 'free' then it's clear to the sector the funding shortfall currently made up from parental fees must not be legislated away, or alternatively, the MoE and government must engage openly with the sector to discuss the best way forward.

Pay Parity and the ramifications of the regulations within the Budget proposal risk simply being too much.

The cost adjustment increase of 2.9% doesn't come anywhere near covering essentials providers need for the tamariki they are educating and caring for.

What we need from the Government, and we need it now!

The group that penned this letter are a large group of sector providers and membership bodies representing around three quarters of the 4,597 ECE providers in Aotearoa. We are united in these issues.

We, together with ECE Sector colleagues, are willing and committed to working with the Government to undertake the mahi required to co-design and present a robust and equitable systemic funding model that meets the needs of the sector and the Government. We are calling for an independent review into the systemic funding for ECE to provide fact based information from which we can build a funding model together.

Our time is best spent working with the government to find solutions that work for everyone, but that requires a commitment from government to engage with and listen to the sector.

ECE is bread and butter!

