

# **Submission**

By The



**Early Childhood  
Council**

to the

**New Zealand Productivity Commission**

**More effective social services – Issues paper**

**Due by 18 November 2014**

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## **SUBMISSION BY THE EARLY CHILDHOOD COUNCIL**

### **INTRODUCTION**

1. The Early Childhood Council (ECC) would like to make a submission to the New Zealand Productivity Commission's 'More effective social services' Issues paper – October 2014.
2. As the largest representative body of quality, licensed early childhood centres in New Zealand, the ECC believes it has a vital role to play in providing expertise on how to invest wisely, in order to have the greatest impact for social services in New Zealand.

### **RECOMMENDATIONS**

3. **The Early Childhood Council recommends that the Productivity Commission:**
  - a. Agree that the quality of an ECE service is not related to its ownership type (i.e. whether a centre is community-owned or privately-owned),
  - b. Simplify the early childhood education (ECE) funding system,
  - c. Increase the supply side of high-quality ECE for at risk families,
  - d. Increase the funding for the universal provision of quality ECE centres,
  - e. Explore how funding and regulatory structures can support communities with high needs and may be best serviced by community hubs that offer a wrap around service (i.e. a community development fund).

### **DISCUSSION**

#### **Importance of Quality ECE**

1. The benefits of a quality early childhood education (ECE) experience, for the life long outcomes of a child are well documented. It is even more important that children from disadvantaged homes have equal access to quality ECE. The Government recognises this, which is why it has set a target that by 2016, 98% of children starting school have had prior participation in quality ECE. It therefore makes good sense to utilise the ECE network as central place where parents can be put in touch with other social support mechanisms.
2. The Education Review Office (ERO) released a report Quality in Early Childhood Services (August 2010), that highlighted that in high quality services, it is the interrelationships between features such as leadership philosophy, relationships, teaching and learning, professional learning, and qualifications , rather than any one on its own, that underpins the quality of education and care provided:
3. In addition, a comprehensive literature review conducted by Linda Mitchell, Cathy Wylie and Margaret Carr, New Zealand Council for Educational Research (May 2008), Outcomes of Early Childhood Education: Literature Review, found that the conditions that support the teaching and learning that in turn directly contributes to good quality outcomes for children and parents are, intentional teaching; family engagement with ECE teachers and programmes, where social/cultural capital and interests from home are included, and both family and teachers can best support the child's learning; and a complex curriculum involving both cognitive and non-cognitive dimensions.

### **ECE Investment Approaches**

4. The ECC recommends five ECE investment approaches that will ensure limited resources are channelled to be most effective. These are as follows:

*The Quality of an ECE service is not related to its ownership type*

5. The ECC is concerned about the pervading misconception in New Zealand that community-owned ECE services somehow offer a superior quality or politically preferable service model to privately-owned ECE services.
6. The main criticism of privately-owned ECE services is that they are driven by profit alone at the expense of quality. The ECC strongly opposes this criticism as it is generalised and fails to concentrate on the true indicators of quality.
7. The ECC is concerned that sector groups and political parties that promote community-owned ECE services as superior to privately-owned ECE, are being misleading. If the current discourse advocating community-owned ECE services over privately-owned ECE services is not seriously challenged immediately it will;
- fail to address highlight the true indicators of quality
  - mislead parents about what the choice of quality ECE available to them
  - prevent thousands of children access to (privately-owned) ECE services
  - undermine a large proportion of quality ECE services in New Zealand
  - stifle innovation
  - make it harder for privately-owned ECE centres to remain competitive
  - allow some under-performing community-owned ECE centres to be buffered by being part of a “favoured” ECE sector.
8. ECC believes that:
- a. there must be no discrimination in any form between privately-owned and community-owned ECE provision;
  - b. that parents have a right to be given full information to provide them with a choice of where to send their child;
  - c. there is no evidence to suggest the quality of an ECE service is at all directly related to its ownership type (i.e. whether a centre is community-owned or privately-owned).

*Simplify the ECE funding system*

9. The ECE funding system is overly complex and difficult for both parents to understand and centres to deliver. Simplifying the funding would include:
- a. Altering the ECE funding system so that it focuses on those outputs or outcomes that reflect quality ECE service provision, rather than focussing solely on such inputs as the number of teachers the service employs
  - b. Ensuring there is a clearly communicated assumption that all are entitled to 30 subsidised hours a week (20 hours plus 10).
  - c. Lifting the six-hourly daily limit so parents can access their entitlement in a manner that allows them to look after children whilst undertaking employment essential to their family’s well-being.

*Increase the supply of high quality ECE for 'at-risk' families*

10. While the current demand side ECE system has been highly effective in creating diversity of provision, it has left an unacceptable deficit of participation in low-income areas. Increasing the supply of high quality ECE for 'at-risk' families would include:
- a. An increase to 'equity funding' and other supply side interventions aimed at getting as many low-income/at risk families into ECE as possible, and ensure eligibility criteria to access this funding is simple and available to both community and private providers, with recipients evaluated annually with funding conditional on achieving increased participation.
  - b. The 'frequent absence rule' being removed or substantially simplified to remove a significant and unnecessary compliance burden on centres.
  - c. A review of the current Government policy that means low income children are more likely to access cheaper, potentially lower-quality services such as play groups and some home-based options, while high income children are more likely to attend services that offer higher quality.
  - d. Work to define 'at risk families' so that it includes both those within and without recognisable low income areas. For example some children might be considered to be from a low socio-economic family but are not vulnerable and some children who are vulnerable are not from a low socio-economic family.

*Increase funding to quality ECE services for the universal provision of quality ECE centres*

11. Beginning with the 2010 Government Budget early childhood centres have lost:
- Funding for the 80 to 99% and 100% qualified teacher funding bands (which stripped tens of thousands of dollars from centre budgets);
  - The Support Grant that funded training for Provisionally Registered Teachers;
  - Revenue due to the increase in GST from 12.5% to 15%;
  - Revenue due to the removal of the childcare tax subsidy;
  - The equalisation top-up that funded pay parity with kindergarten teachers (which means teachers working in childcare centres are now paid less than those working in kindergartens to do the same job); and
  - Universal subsidies that keep up with inflation (which means the real value of this money is falling with each Government Budget).
12. As a result of these funding pressures, centres have been forced to:
- Increase fees for parents
  - Reduce services for children
  - Reduce both the proportion of qualified teachers on staff, and the proportion of staff per child
  - End unofficial programmes that offered free places to families in need
  - Endure financial difficulties
  - Either shut down or sell out to large corporates.
13. The current Government is part-funding its objective of getting more low income Maori and Pasifika families into ECE by lowering the quality for everyone else, and there is risk the current ECE funding review will entrench this policy. 20 hours has also introduced perverse outcomes. Because it is paid at *average* rates only to all

centres, those with high cost pedagogical models or in high cost areas, have been forced to trade on service quality in order to make 20 hours affordable for families. The ECC therefore recommends the following.

14. The ECC supports an investment approach that ensures universal services reach all children rather than cutting back on universal services in favour of targeting. This investment approach would include:
  - a. An investigation into the impact on children of Government funding cuts, and corrective actions identified and implemented.
  - b. A commitment to maintaining the value of ECE funding in relation to inflation.
  - c. Replacement of the old professional development grant for provisionally registered teachers with a professional development grant available to all ECE teachers. Also to make this grant available to ECE services as a lump sum based on the proportion of teachers employed, and tagged for professional development. It is important the services are accountable for the appropriate allocation of this fund.
  - d. Recognise the 20 hours policy is a subsidy only, the same as other Government ECE funding; and that ECE centres should be allowed to introduce top-up fees if they wish order to cover the costs of service provision specific to their area and style of delivery.

*Support for the development of community hubs*

15. The ECE network could be better used to positively engage with parents across a wide spectrum. More recently, a fresh and community-oriented model has emerged designed to maximise the involvement of parents in their child's educational experience at early childhood level. Called the "Community Hubs" model, a range of social and support services are offered from the one location including an early childcare facility.
16. Evidence suggests these community hubs may be best established in lower socio-economic communities where the benefits of the child's participation in quality early childhood education are complimented by the parent's participation in their child's educational journey as well as involvement in other educational and support experiences.
17. The community hub approach is about engaging parents, families, whanau, aiga, and communities meaningfully in early childhood education, seeing early childhood centres as hubs for their community and creating scaffolding services that support healthy whanau. This holistic way of delivering services has resulted in many parents understanding their role in supporting their child in education.
18. It should be noted that not all community hubs need to be based on physical locations. Current interest in the establishment of virtual community hubs is also growing. One of the fundamental keys to the development of a successful community hub service is the early involvement of the local community and a sense of "community ownership" of the hub.
19. The ECC experience is that a privately-owned childcare service is just as well placed as an ECE service that is community-owned, to develop a successful community hub. The ECC would therefore like to see the inquiry explore how funding and regulatory structures can support communities with high needs and may be best serviced by community hubs that offer a wrap around service (i.e. a community development fund).

20. The examples below are based on a well known community hub model known as the “Pen Green Model”, <http://childrenscentre.pengreen.org/about-pen-green/>. These are examples of how a successful commercial model can be applied in a range of community hub settings.

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## **BACKGROUND INFORMATION ON THE EARLY CHILDHOOD COUNCIL**

The Early Childhood Council (ECC) was formed in 1990 from the amalgamation of the Licensed Childcare Centres Federation and the Associated Childcare Council. It became an officially incorporated society in 1991.

The ECC is the largest representative body of quality, licensed early childhood centres in New Zealand. We have more than 1,000 member centres, 30% of which are community-owned and 70% of which are privately-owned. Our membership employs thousands of teachers, and educates tens of thousands of children. We have Pasifika and Maori members, Christian, Montessori and Steiner, and many with no special affiliation. We believe families have the right to choose from this educational diversity that which they believe is best for their own children.

Our member centres range from ten child places to over 150 child places and are spread throughout the country. Membership is voluntary, and open to all licensed independent early childhood centres.

We offer members up-to-the-minute information, support and advice as well as representing their views with those who influence our sector.”