



Government shows continued neglect for New Zealand's most vulnerable citizens – major budget underspend in early childhood sector a snub to families under pressure

New Zealand's body for the early childhood sector, the Early Childhood Council, has analysed figures released by the Treasury and found that despite a meagre increase for centres in the so-called "wellbeing" budget of only 1.8%, the Ministry of Education underspent by more than \$75 million in the 2018/2019 year.

CEO of the Early Childhood Council (ECC), Peter Reynolds, says that "...this extremely poor planning is baffling given that Minister of Education, Chris Hipkins, claims to know and believe in the value of early childhood education as the foundation for lifelong learning."

Discovery of the shortfall has come as a shock to the ECC as it will to centres around the country. It comes at a time when childcare centres are struggling to survive due to a decade of poor government funding decisions, not to mention chronic teacher shortage issues that are driving down the quality and driving up the price of quality early childcare.

"It's difficult to understand how the Ministry have gotten this so wrong and we plan to send an open letter to the Minister asking if this is in fact, extremely poor planning, and if he continues to have confidence in the Ministry. For the around 2,600 childcare centres in New Zealand, working hard with our young citizens to provide a safe and nurturing environment, this snub equates to over \$28,000 per year. That money could give early childhood teachers the pay rise that they deserve, could invest in resources and generally improve conditions for our kids", Reynolds said.

Working with childcare centres every day, the Early Childhood Council is witness to the many small New Zealand business owners and teachers who run these childcare centres and who over this period have seen compliance costs increase, while increasing numbers are struggling or going out of business.

"The wellbeing budget expressed the hope that, with a 1.8% increase in subsidies, childcare centres would not need to put their fees up for parents. That's a difficult and confusing message coming from a government that just pocketed \$75 million and kept it a secret" Reynolds said.

Member of the Early Childhood Council Dianna who owns two childcare centres in the South Island says that it is a confusing message being sent by the Government. "We had high hopes for the wellbeing budget to finally take some of the pressure off parents. We try and

hold fees as low as we can, but we are under serious pressure. Our goal is to provide children with excellent quality care and education. We are also committed to paying our staff well and quite frankly we need to in this environment. It is the parents who are therefore struggling as we are forced to put fees up. That money would have made a big difference. This is hard to take.”

Another member, Michelle from Auckland, commented that “...we could do with the extra funding. Auckland wage prices for teachers and relief teachers are sky-rocketing due to the shortage. Why doesn't the Ministry do something about that?”

The facts

- In the 2018/2019 year, the budget appropriated \$1,975,651,000 to the early childhood sector. By the end of that financial year, Treasury revised the actual appropriation to \$ 1,900,000,000. This reflects a shortfall of \$75,651,000.
- At the same time, the average childcare centre lost \$9,000 as a result of the flow-on effect of the 7% minimum wage increase.
- With 190,000 children enrolled in early childhood education, the underspend represents \$394.74 per child the government is withholding.
- That represents as many as 380,000 parents who are impacted by these issues

How the system works

- 85 percent of who a child is – intelligence, personality and social skills – is formed by age five. Researchers in New Zealand and overseas agree: high-quality, teacher-led, centre-based early childhood education leads to better behaviour, better social skills and higher academic achievement. In 2011, the OECD published the findings of a research report that showed participation in early childhood education has significantly raised education outcomes in the longer term – the educational impact of early childhood education shows by age 15. A 2012 study in the USA found that every dollar invested in early childhood education reaped benefits across all public social, health, education welfare, employment and justice services.
- The commitment of this Government is to support children receiving early childhood education and this support is expressed in subsidies for three to five-year-olds (or until the age of six if the child stays in the service before going to school).
- Early childhood education in New Zealand is subsidised by the government and for many also involves parent fees. There are subsidies for children aged 0 to 6; the 20 Hours subsidy for children aged 3 to 6; subsidies for children from lower socio-economic circumstances and so on.
- To provide early childhood education in New Zealand, services must be licensed by the Ministry of Education. There are childcare centres, kindergartens, Playcentres, home-based services, kohanga reo, amongst others providing broad parent choice. There are around 4,500 licensed services with 2,600 childcare centres making up the majority.
- All of these services, parents and children have missed out by the impact of the \$75 million underspend

ENDS

Contact:

Peter Reynolds
Chief Executive Officer
Early Childhood Council
Wellington

Mobile 028 2582 2322

e-mail ceo@ecc.org.nz