Investing in children? Privatisation and early childhood education in Aotearoa New Zealand [1]

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Excerpted from Introduction

Access to quality early childhood education (ECE) is crucial for children, families, and society at large. ECE services can provide foundational learning experiences for children, but also provide emotional and parenting support for families. In particular, the gains from attending quality ECE services are greatest among children from low-income households. For instance, access to ECE services can provide parents with the ability to engage in paid employment, and forming reciprocal relationships with ECE staff may provide them with confidence in their parenting and relief from isolation. For this reason, ECE has the potential to act as an 'equaliser', and a vehicle for mitigating child poverty in Aotearoa.

However, attendance at an ECE service is not universally beneficial for all children. It is imperative that the sector is providing good quality and culturally appropriate services, particularly as children are spending increasingly more time in care. Poor quality ECE can have a detrimental impact on a child's wellbeing, and in some cases may be worse than attending no early learning service at all. Reports of bad treatment from other children, or from teachers themselves, including physical and verbal abuse, have made headlines in recent years and illustrate a sector under significant stress.

Yet in spite of unequivocal evidence of the importance of quality ECE, in Aotearoa the sector is widely understood as providing private investment opportunities rather than a public good. Increasing privatisation has meant that many centres prioritise profit margins over the needs of children and families, with funding directed towards property expansion or other means of creating capital gain, rather than being invested into reducing fees or paying staff at better rates. The trend towards private provision in the sector is concerning given the relationship between for-profit services and poor quality service provision.Indeed an exposé of the sector published in July 2020, informed by the experiences of teachers, staff and parents, highlighted concerns with an "overemphasis on occupancy rates and making money, rather than providing quality care and education".

This relentless pursuit of profit within the sector has become particularly evident in the face of Covid-19. In light of the economic uncertainties associated with the pandemic, investors have faced challenges in predicting where their funding is best placed, and the ECE sector has been framed as a 'smart' place for investment. For instance, one article published in the NZ Herald in May 2020 argued that the ECE sector will be at the "top of the list" for smart investors, as the sector "allows investors to gain exposure to an industry backed by government funding".

Despite many centres remaining shut during the Covid-19 lockdown, all ECE providers were still receiving government subsidies. Many were in addition claiming the wage subsidy, anticipating that their losses would exceed 30 percent. Commentators have highlighted the lack of scrutiny given to these claims of diminished revenues in regards to claiming the wage subsidy; BestStart, for instance, which has 260 centres around the country, claimed $25 million in wage subsidies despite reporting profits of $46 million over the last two years.The Ministry of Education (MoE) did not prevent providers from billing parents, instead asking providers to 'seriously reconsider' charging parents fees. While many centres did follow the MoE's advice and waive fees for parents, there were reports of some centres still expecting parents to pay, reflecting a tension between the MoE's hightrust governance model for the sector and the neoliberal ideology of privatisation for profit that drives many providers.

While the current corporatised system was dysfunctional prior to Covid-19, this pandemic has exposed major failings in the market-based provision of ECE services. The experiences of teachers, staff and parents point to "a sector and a workforce at breaking point", a system in need of urgent change. In this report, we highlight some of the challenges within the sector at present, arguing that Covid-19 has presented an opportunity for long-needed reform. With occupancy rates expected to decrease in the face of an economic downturn and rising unemployment, now is a prime opportunity for reconsidering the trajectory of the sector prior to Covid-19, and its future.

Rather than propping up the existing system – whereby ECE is treated as an investment opportunity, not a public good – the Government should be looking to nationalise ECE provision in its response to Covid-19. If we accept the evidence that access to quality ECE is a crucial determinant of children's wellbeing and provides significant opportunities for whānau support – gains which are the greatest for children from low-income households – then it follows that this sector is too important to be 'left to the market'. Market-based provision increases inequities in access and quality according to socioeconomic status, and thus we should be incentivising the growth of not-for-profit centres while reducing government subsidies for corporates

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