

Transformative shifts in early childhood education systems after four decades of neoliberalism

Linda Mitchell

University of Waikato

Aotearoa New Zealand's policy shifts to an integrated system of early childhood education (ECE), its development of a bicultural curriculum for all children from birth to five years, and its progress towards a fully qualified, equitably paid, ECE teaching workforce, have partially transformed the ECE system. But there is still much to do. Four decades of neoliberalism have led to the rise of financialised corporate ECE, and weakened the sustainability of community and public provision. This paper analyses the people, politics and processes that facilitated and hindered reform, and proposes policy measures needed to make substantive transformations to a high quality, public and democratic ECE system.

Introduction

Within a global movement, neoliberalism swept Aotearoa New Zealand under the Labour government in the 1980s and intensified in the 1990s under the subsequent National government (Kelsey, 1997). It had an enormous influence on the ECE sector, where a dominant economic and market discourse shaped policy, especially around the role of the state and specific policies of funding, planning and provision. From that time, policy approaches have seesawed in respect to the degree of state intervention and support for ECE. These approaches are linked to the thinking and values of the governing political party (a centre-left Labour government and a centre-right National government), the actions of individual politicians, government officials, and players outside of government as individuals and organised groups. Despite enlightened policies to transform its ECE system, including the integration of care and education within the Ministry of Education in 1986, the development of an internationally respected curriculum, Te Whāriki, and the still incomplete moves it has taken towards a fully qualified and equitably paid workforce in its teacher-led services, no governments have made substantive attempts to move away from a model of marketisation and privatisation in providing ECE.

Aotearoa New Zealand, similar to other Anglophone countries, has a growing number of for-profit providers, operating as businesses in a market that competes for parent 'consumers.' Some of these are owned by multinational corporate companies that have often bought pre-existing ECE services (Gallagher, 2022). Vandenbroeck, Lehrer and Mitchell (2023) explain the meaning of corporatisation:

the shareholders may be international, corporate financial or private equity groups, with particular managerial and economic approaches. For these corporate businesses to invest in child care, they expect to make a profit. The profit may come from varying sources, including restrictions of the operating costs, real estate assets, and buying and selling ECEC provision (p. 17).

At the heart of the matter is the vision held for ECE. Is it a democratic, public, universal, education-based system? Or is it a private commodity, accountable to shareholders in the first instance, albeit supported by government funding and subject to government regulation?

This article analyses specific policies of funding, planning and provision of ECE to demonstrate changes in the ECE policy landscape, and the people and movements that contributed to these changes. The article is in three parts. First, I trace the history and developments of government funding and provision policies over three decades from 1989, within stages defined by the ideologies of the prevailing government. The emphasis here is on the people, politics and processes that facilitated and hindered reform. Secondly, I analyse issues and challenges within the ECE sector, highlighting the weakened position of the community-based ECE sector and exemplifying the worst outcomes of profit-focused provision. The article ends by proposing processes for policy formulation and policy measures needed to make substantive transformations to a high quality, public and democratic ECE system.

Developments in funding, planning and provision

Ideological struggles over the role of the state 1990-1999

The Before Five policy (Lange, 1989), although acclaimed for promising equity across all education sectors, set the scene for a reduced state role and increasing privatisation. A competitive funding mechanism, bulk funding, was applied to all ECE services except kindergartens (Mitchell, 1996), based on the number and ages of children attending. Funding was largely the same for all services, and not responsive to costs.

When a National government was elected in 1990, ideological struggles over the role of the state were particularly visible in the kindergarten sector. This government “aggressively targeted reduced state responsibility” (Davison & Mitchell, 2009, p. 177) for kindergartens, which until 1990 had been “the flagship of government support” (Davison, 1997; Wylie, 1992). Over the 90s kindergarten regulations requiring no fees to be payable were revoked, earlier government support for planned provision of new kindergartens was halted, and kindergartens were removed from the State Sector Act. Kindergartens were effectively privatised. These measures were underpinned by a belief that kindergartens were privileged and needed to get over their “sacred cows” (Luxton, 1994), such as employing a qualified teaching workforce, that provision was best left to the market, and that parents were consumers choosing ECE from competing services. By cutting kindergartens down to size and making all ECE the same, kindergartens’ competitive advantage would be diminished. The government conceived its role as a purchaser of education. “Under current policies the government buys educational hours of a particular quality from early childhood centres and overall is neutral in terms of service type” (Ministry of Education, 1995).

Over the 1990s, academics were active in researching and documenting impacts of the policies (Selected examples are Dalli, 1992, 1993; Davison, 1997; May, 1992, 1999, 2001; Meade, 1990; Mitchell, 1996, 2001; Wylie, 1992, 1993). At an organisational level, the Combined Early Childhood Union of Aotearoa covering early childhood teachers and workers and the New Zealand Educational Institute covering primary school teachers and support staff amalgamated to form NZEI Te Riu Roa. The intention was to create a united trade union that was well resourced, gained strength in solidarity, and was equipped to act in the face of attacks on unionism and freedom of association from the Employment Contracts Act (Anderson, 1991; New Zealand Government, 1991). A significant contribution to influencing ECE policy was its imaginative initiative to organise a coalition of community-based early childhood organisations who consulted and collaborated in writing a blueprint for policy reform, *Future Directions: Early Childhood Education in New Zealand* (Early Childhood Education Project, 1996). Clare Wells and I formed the secretariat. The chairperson was respected academic, Geraldine McDonald. The aim was to advocate for radical change to early childhood policy through “developing policies that will take the whole sector forward on a sound basis into the 21st century” (p. 2). The consultative and deliberative processes involved in the project are detailed in the report itself, and in other writings (Mitchell, 2019; Wells, 1999):

This story of Future Directions exemplifies the value of committed representatives using participatory practices to construct valuable and useful policy proposals and to cooperate in their dissemination and uptake. The involvement of organisation representatives rather than individuals was central to the success of the project since it enabled widespread consultation that drew on the knowledge and expertise residing in diverse and grass roots early childhood services. As a result, the solutions and recommendations were both useful and innovative. (Mitchell, 2019, pp. 142-143)

Funding was the most contentious issue. We did not reach unanimous agreement around the proposal to phase out the Department of Social Welfare childcare subsidy, when our recommendation for the full cost of provision was met by the government. At the eleventh hour as the report went to press, the New Zealand Childcare Association president insisted on a new recommendation that optional fees could be chargeable and that the Childcare Subsidy should continue. Two proposals are therefore set out in the report. There was also dissension within the project group about replacing bulk funding with direct salary funding, and this proposal was not included. The positions signal division in sector views about the principle of genuinely free ECE and the role of government in respect to teacher pay. These divisions arose again in 2005 over proposals for free ECE, and again in 2023 over similar issues. They are discussed later in this article.

Nevertheless, the *Future Directions* report was influential and many of its recommendations for early childhood policy were mirrored in subsequent policies developed by the Labour government (Mitchell, 2019; Wells, 1999).

A participatory approach to policy development 1999-2009

Pathways to the future: Ngā Huarahi Arataki was the Labour government’s strategic plan for early childhood education, intended to cover the years 2002 to 2012 (Ministry of Education,

2002), but cut short in 2009 by the newly elected National government. The plan was framed by a working group that involved sector representatives and academics in the policy formulation and how it would be implemented.

The plan tackled issues intended to improve implementation of the curriculum and the quality of education, children's participation and access to ECE, and collaborative relationships to support coherence of education and more integrated services to children, parents, families and whānau. Amongst its actions were improving ratios, group size, and teacher qualifications, and pay parity with school teachers for kindergarten teachers and its "flow-on effects" for other teachers in teacher-led ECE services. The funding system to a "cost drivers system," that included equity funding, was a "supporting strategy."

The working group, of which I was a member, had put forward a long term vision for all children to have entitlement to "a reasonable amount of free early childhood education." We argued that free ECE, coupled with planned provision of early childhood services so that they are available where they are needed, would enable access to all children whose parents wished them to attend. But this working group recommendation did not make it into the published strategic plan.

However, outside of the strategic plan, in the 2004 budget speech, Minister of Finance Michael Cullen announced 20 Hours Free ECE for 3- and 4-year-olds to be implemented in community-based ECE services from 2007. The 20 Hours Free ECE policy marked a radical shift in policy thinking, away from the government subsidising ECE, to providing a level expected to cover the average cost of education at the regulated level. Service providers were not permitted to "top up" the funding with fees for those hours, but could ask for "optional charges." The policy was contentious in its making and implementation.

Prior to this announcement, Ministry of Education officials had developed a targeted funding model that was a direct contradiction to principles of a universal entitlement to free ECE. In my submission to the Strategic Plan Funding Working Group, I argued that an entitlement to free ECE would be similar in costs and far more beneficial. It would put children's interests and rights first, signal that ECE has political priority, and be in line with international trends in Organisation for Economic Cooperation and Development (OECD) countries towards universal free access. I detailed a funding option for free ECE and appended costings of scenarios for diverse settings prepared with Ann Pairman (a knowledgeable, qualified and experienced ECE supervisor, then working for the ECD) which I had prepared for my PhD thesis (see Mitchell, 2007, for details). The Minister of Education, Trevor Mallard, was ideologically committed to free ECE and sent Ministry officials back to develop new funding proposals for entirely free ECE. He required officials to consult with me and with Raewyn Ramage from the Early Childhood Council. Helen May has described the discussions between officials and the Minister through her analysis of government briefing papers at this time (May, 2009, pp. 288-289) showing that the policy options shifted from a universal free entitlement for all ages to 20 hours free ECE for 3- and 4-year-olds in teacher-led community-based ECE services. The story shows a principled and courageous move by the Minister towards both de-privatising ECE though privileging the community-based sector, and supporting ECE as an entitlement. Behind the scenes, former union president Clare Wells, as Mallard's political advisor, provided knowledgeable advice.

The polarised positions when the policy was first announced and then implemented are discussed by Helen May (2008) and in a report by Brenda Bushouse (2008). At first, private

providers, represented by the Early Childhood Council, made heated objections to the proposed free ECE funding policies, claiming its centres would close and depicting the policy as removing parental choice. It favoured tax rebates as a form of funding. Leading up to the 2005 general election, the Labour Party expanded the policy to include private teacher-led provision. Bushouse reports from her communication with Trevor Mallard that “The Minister had a strong commitment to community-based provision of early childhood education which he maintains. Had the limitation remained, he believes the community-based services would have expanded over time to meet the demand” (Bushouse, 2008, p. 39). However, having been included in the policy, the Early Childhood Council then argued that the policy was “dangerous,” stating quality would be threatened because the formula delivered an average rate of funding. It called on the government to allow “compulsory top-up fees so parents could choose between centres with such fees and those without” (Trevett, 2007). Bushouse notes, “The Minister shot back with a statement to commercial childcare chains that they could not expect to deliver a return to shareholders funded by the government ECE programmes” (Bushouse, 2008, p. 45). While many organisations and individuals were positive about free ECE, “The tone of print media coverage throughout the six months leading up to free ECE was decidedly negative. The media frenzy was in large part a reaction to media releases by the Early Childhood Council” (Bushouse, 2008, p. 44).

The Ministry of Education contracted an evaluation of the implementation of the Strategic Plan between 2004 and 2009 (Mitchell et al., 2011). The study involved collecting data from 32 services in eight localities varying in geography and ethnic composition. Participation had increased markedly by 2009 (by 19%), children were participating for longer hours, affordability for parents had improved, and services were more viable:

20 Hours ECE appeared to have a strong impact on increasing the number of children attending and their hours of participation, and parental decisions about participation. Seventeen percent of all parents and 30% of low income parents reported that they decided to participate in ECE because of the 20 Hours ECE policy. (Mitchell et al., 2011, p. 3)

The policy was a momentous forward step in recognition of ECE as a public responsibility, in Prime Minister Helen Clark’s words, a “visionary and historic policy.” She stated: “20 Hours Free early childhood education is the most significant expansion of the education system since the rollout of free secondary education by the first Labour Government in the 1930s” and termed 20 Hours Free ECE “a huge milestone in public education in New Zealand” (Maharey, 2007).

This story has been described in some detail because it highlights:

- the powerful advocacy of the private sector and resistance to policies that might hinder it from trading in a free market and prevent capacity for owners to charge whatever fees they wished;
- the political beliefs of a visionary Minister of Education, Trevor Mallard, who had the courage to lead policy development towards free ECE for young children, against advice from government officials;

- co-ordinated collective action, led by the union with community-based organisations that set the stage for the strategic plan.

Yet, government responsibility did not extend to planning and provision of ECE, and ECE was not a legal entitlement for children. There was a growing domination of private provision in an environment in which community-based services were disadvantaged, and a radically unequal patchwork of provision with oversupply and undersupply and differentials in quality, that largely favour higher socioeconomic groups (May & Mitchell, 2009). These problems were heightened and quality eroded under the National government's subsequent policies.

Retrenchment and growing privatisation 2008-2017

The National government, elected in November 2008, undermined and stalled earlier policy initiatives around free and universal approaches to quality ECE. It dropped the word "free" from the 20 Hours Free ECE policy, removed differentials between private and community-based ECE services, including access to capital works funding, halted the pathway to 100% qualified teachers and pay parity, and cut research and professional development initiatives. There continued to be no requirement for planning ECE services to meet community need. Private provision kept growing, increasingly entering into the world of foreign investors and shareholders. Weak accountability requirements provided incentives to for-profit providers who saw money-making opportunities in the business of early childhood education. In addition, property sales experts and investors became increasingly engaged in the "childcare" property market, as "a lucrative investment asset" where they "[extract] revenue from what has become a government funded sector" (Gallagher, 2022, p. 91).

"Turning the tide" on profit-focused provision? 2017-2023

When Labour was elected in 2017, ECE was high on the agenda again. The government opted for developing another Strategic Plan, the Early Learning Action Plan (ELAP), and set up a Reference Group for initial consultation. The Minister of Education, Chris Hipkins, announced in its Terms of Reference an agenda of "investing in and backing our world-class, public education system for all students. This involves turning the tide away from a privatised, profit-focused education system." He promised to "ensure that community-based early childhood education services have well-maintained facilities and are able to expand to meet growing demand" (Hipkins, 2017). Many of us had advocated for years for a high quality public ECE system, with a well-paid, qualified and professionally supported workforce, and supportive conditions for children and families. We had been staunch critics of private profiteering as a primary motive for providing ECE, of views of ECE as a tradeable commodity, and of the associated growth of the private ECE sector and the diminishing place of community-based provision. We were jubilant at the promises of this agenda. A new plan could not only complete the unfinished actions of *Pathways to the Future* but go further in dissolving the confinements of government roles by reconceptualising ECE as a public service and governmental responsibility that is democratically accountable to the public. A systemic overhaul rather than piecemeal policy development was called for that shifted the boundaries of thinking about ECE to transformational possibilities.

The process of development and implementation of the Action Plan prevented transformational solutions. Ministry of Education officials dominated the work of the

Reference Group through setting agendas, making only cursory notes of discussions and writing what was reported to government ministers. For example, Helen May and I, who were both on the Reference Group, in a June 2018 discussion paper detailed explicit, workable pathways in the short and longer term in keeping with the Minister's intention to "turn the tide" from private profit-focused provision. Despite much debate, some dissension from representatives of largely for-profit ECE service representatives about the Minister's expressed aim, which arguably was not up for negotiation, the final report (Ministry of Education, 2019), written by Ministry officials, did not include mention of this issue or policy solutions. It is doubtful that the Minister was briefed on Reference Group views, which were in accord with Labour Party policy. Nor did the Plan mention the bold aspirations and actions that we had sought to enable free public education as an entitlement for all children.

Instead, the plan became more in the nature of a check-list of actions. The Ministry largely determined the priority placed on the actions, the order in which they would be implemented and how they should be implemented. The Ministry's 'Dashboard' reported to the Early Childhood Advisory Group sets out the sequencing and timeframes for actions. Teacher qualifications and high staff|child ratios have been established in research and prioritised for decades as crucial structural features of quality. Yet, priority for early implementation was given to 'Practice and Progress tools' that several Reference Group members and others harshly criticised as offering inappropriate approaches to assessment that were out of kilter with the holistic principles of *Te Whāriki*, while improving qualifications and ratios were placed on the back burner and still have not been implemented.

Pay parity for all teachers in ECE is a further example of incompetent implementation. The Plan was timid in its demands around teacher pay, stating simply a need for "more consistent and improved teacher salaries and conditions in the early learning sector." However, the government did eventually determine to implement pay parity but was not prepared to fund the full cost. It used an imperfect tool of the Kindergarten Teachers Collective Agreement rather than addressing the problems with ECE funding mechanisms and employment arrangements. If ECE was a recognised public service and teachers were public servants, pay parity through a national collective agreement could be achieved for all ECE teachers.

The main positive announcement in respect to "turning the tide" on profit-focused provision was the development of policy for planning the network of ECE services and criteria for new licences, set out in the Education and Training Amendment Act No 2. A planned network approach is a crucial beginning step in replacing the market approach to provision. However, the legislated criteria for establishing ECE services did not put a stop to privatisation. In a submission to the select committee, with three other members of the University of Waikato's Early Years Research Centre, we argued that:

The education and care offered by for-profit ECE services has become increasingly subject to commodification, put up for sale in competition with other ECE services. Commodification is highly visible in competitive advertising, in financial incentives to get families to enrol their child — first month free, discounts for new customers, nappies supplied — and also in financial penalties for debt, for irregular attendance, for being late in picking up a child. (Mitchell, Clarkin-Phillips, Kahuroa, & Kamenarac, 2022)

The submission demonstrated consequences of privatisation through the example of 10 centres of the Discoveries Educare chain, which were closed after a whole year at least of maltreatment of children (Kronast, 2023). During that year, the centre received government funding and \$460,000 in Covid-19 wage subsidies (Work and Income Te Hiranga Tangata, 2020). This situation was made possible by how easy it was for private owners to establish a childcare “business” without having any ECE expertise themselves, access government funding, determine their own staff pay and conditions, and operate with insufficient accountability for their use of funds. We recommended legislated criteria to privilege public and community-based ECE and ensure that the full extent of government funding goes into educating the child and supporting the family. We made further recommendations to ensure democratic governance structures, and support to expand integrated services that act as a hub for family support. These recommendations were not taken up in the final legislation.

A second funding initiative, not included in the ELAP, that came as an announcement in the Government’s May 2023 budget, was the extension of the 20 Hours ECE to include 2-year-olds. Initially, the government set conditions for taking up this provision that providers would no longer have the option of requiring children to be enrolled for more than 20 hours per week. This condition was a step towards making ECE genuinely free and to suit families. It addressed an issue that providers offering “free” ECE for 3- and 4-year olds were requiring children to be enrolled for longer time periods, and charging high fees for those times (Mitchell, Meagher-Lundberg, Davison, Kara, & Kalavite, 2016). This practice made ECE inaccessible for low-income families and defeated the ideal of free ECE.

Rather than welcome the extension of free ECE, three large provider organisations (Early Childhood Council, Te Rito Maioha, and Kindergartens Incorporated) with some smaller groups, complained the policy was unworkable after reading the Ministry of Education rules and discovering they would no longer have the option of requiring children to be enrolled for more than 20 hours per week (Te Rito Maioha Early Childhood New Zealand, 2023). They identified as an issue that the amount the Ministry of Education would pay for the 20 hours did not match what was needed for high quality provision, especially staffing. These are significant concerns. While the group lobbied for increased funding rates, it also advocated to remove the enrolment restriction, a position that was accepted following the group’s advocacy and much media publicity (Jo Luxton, 19 June, 2023). In this way, its advocacy enabled a principled policy (the right for children to access genuinely free ECE) to be shelved. This is a rerun of the condemnation of the 20 Hours Free ECE policy for 3- and 4-year-olds, which the Early Childhood Council in 2004 had labelled “dangerous” and called for top-up fees to be allowed. It is the for-profit lobby that gains most from loosening restrictions on enrolment policies and fee charging.

By contrast, Kindergartens Aotearoa, a collective of six regional kindergarten associations that operate almost half of Aotearoa New Zealand’s kindergartens, in a contrary view commended the government for putting children and families first in its 20 Hours Free ECE policy, and emphasised the value of the commitment to pay parity, which it argued needs to be delivered via a collective employment agreement, just as it is in the kindergarten sector (Kindergartens Aotearoa, 2023).

Other relevant budget announcements are to require providers to publish fee information and provide the Ministry of Education with fee data, and a review of the existing 20 Hours Free ECE funding conditions relating to optional charges and donations. These inch

the way to recognising and addressing issues of accountability, but we need to go further than these measures.

Current situation, issues, and challenges

In the last three decades, private education and care centres and home-based services have increased exponentially, to the extent that in 2022, 64% and 92% respectively are now privately owned. Private services provide 62% of the total 222,913 licensed places in the whole of the ECE sector (teacher-led and parent/whānau-led), including 69% of licensed places in the teacher-led sector. This has been made possible because the network of ECE services has not been planned or managed, and profiteering has been enabled through the substantive government subsidies and capital works funding made available to the for-profit ECE sector on the same basis as the community-based sector. For-profit services are owned by a private company, publicly listed company, private trust, partnership, or an individual. They can make financial gains and distribute these to members, unlike community-based services, that are prohibited from doing this. Government funding and parent fees are lucrative sources of income for making business profits.

Much research has shown on average for-profit early childhood provision is rated lower on indicators of quality, offers poorer staff working conditions and pay, employs lower percentages of qualified teachers, and offers more restricted access than community-based and public provision (Lloyd & Penn, 2012). Recent evidence about large for-profit nursery groups in England (Simon et al., 2022) shows they are characterised by features of ‘financialisation’ – defined as ‘a process involving the increasing role of financial motives, the financial markets, financial actors and financial institutions in the operation of the domestic and international economies.’ They had complex financial structures involving foreign investors and shareholders – in these ways, the interests of global private investment companies had come to shape early childhood services. Staff costs were as much as 14% lower in the for-profit company sector. Not-for profit organisations used parents and staff on their boards of trustees to ensure they represent the needs of families and support their staff, while the corporate companies did not. While the private-for-profit companies were expanding through acquisitions, this had not contributed to a growth of places for children.

The next section describes recent examples of how ECE funding in Aotearoa New Zealand has been used for private, investor and shareholder profit, to the detriment of spending fully on the service. Evidence derives from the three largest corporate providers in Aotearoa New Zealand, Evolve (recently sold to an Australian company), Busy Bees, and BestStart, designated a ‘charitable trust.’ Another example is of a corporate company, ‘ECE Rollup,’ that recently advertised its goal to acquire 100 ECE centres in Aotearoa New Zealand, roll these up and then ‘exit,’ that is, to make money through acquisitions and mergers.

Evolve Education was the second largest company in Aotearoa New Zealand (until its sale this year to an Australian group), owning 109 education and care centres in Aotearoa New Zealand and 21 in Australia. Poor employment practices contrast with its use of funding for expansion plans and directors’ pay. During the Covid-19 lockdown it received wage subsidies of \$12 million, continued government ECE funding subsidies, and at the same time attempted to offer full-time staff illegal 20-hour contracts, with a requirement to be on-call (unpaid) for a further 20 hours, in case they were needed. In that same period Chris Scott, the managing director, said “green shoots” seen in the Aotearoa New Zealand operations,

the performance of the Australian centres, and a stronger overall financial position, meant the early childhood education and care (ECEC) business was in a good position to continue with its expansion plans (Walters, 2020). Our own recent analysis (Mitchell et al., in preparation) found Evolve board directors each being paid an average of \$95,000 per annum. By comparison, board members of a large Aotearoa New Zealand kindergarten association, with similar number of ECE services (n=102), were paid an average of \$4,000 to \$5,000 per annum. Analysis of the last Education Review Office (ERO) reviews for all the services in the two organisations found significant differences in ratings of 1 (Not well placed) and 2 (Requires further development) in response to the question “How well placed the ECE service is to promote positive learning outcomes for children?” While 3% of the kindergartens had a rating of 2 or lower, 15% of Evolve centres had this rating.

Busy Bees Childcare is the third largest provider of education and care centres in Aotearoa New Zealand, after buying 75 centres in Aotearoa New Zealand from New Zealand-based group Provincial Education in October 2021. Busy Bees is the UK’s largest early childhood education provider, and operates 222 settings across Australia and Aotearoa New Zealand, 417 settings in Europe, 127 in North America, and 83 in Asia. In 2021, the financial practices of for-profit providers in Australia, explicitly including Busy Bees, were exposed as paying exorbitant salaries to owners and executives and avoiding tax by paying the parent company offshore and registering a debt (United Workers Union, 2022).

Best Start is the biggest provider of education and care centres, owning over 260 centres throughout Aotearoa New Zealand. Its ownership status changed since its establishment in 1996, from a private corporation named Kidicorp by founders Chloe and Wayne Wright, to a registered charitable trust operated by the Wright Family Trust in 2015, with the centres renamed Best Start Educare. The *Bay of Plenty Times* revealed ways in which substantive tax-free funding are able to go to its family owners. It described:

complex financial engineering behind this transformation, in which the Wright family sold Best Start’s shares to their family-run charity — the WFF —for \$332m, with the purchase settled through regular repayments of an interest-free loan. Under the arrangement, WFF pays the family about \$20m a year from Best Start’s now tax-free earnings. According to the most recent annual report, \$208.5 million of this loan remains outstanding (Nippert, 3 August, 2022).

ECE Rollup advertised through the Institute of Directors New Zealand, in February 2022, for the position of Chair for its company. To quote directly:

We're going to dominate the fragmented early childhood education industry in New Zealand through acquisition growth with commercial debt, equity and vendor finance.

Our goal is to consolidate 100 facilities in the early childhood education sector & exit.

Early childhood education has performed extremely well, with 5,000 facilities & 100-150 new facilities being built in New Zealand for the last 5 years.

We have a group of experienced Board of Directors specialising in early childhood education, legal, finance, accounting and mergers & acquisitions.

Particular skills/competencies sought:

Transaction oriented, this is a roll up – it's key you've been involved with buying/selling/merging companies.

Commitment required:

Up to 5hrs a month until we do a deal, and then commitment will scale from there.

These are selected cases exemplifying systemic issues in Aotearoa New Zealand's ECE policy that have encouraged the entry of for-profit corporations to buy and sell ECE centres, with a primary motivation of making a profit for owners' and shareholders' gain. The time is right now to address the moral issues of misusing taxpayer funding for private profits that have concerned many in the ECE sector for decades.

In the final section, I consider international evidence of measures taken to de-privatise ECE by countries that, like Aotearoa New Zealand, have had a partially privatised ECE education system. The article ends by proposing processes for policy formulation and policy measures needed to make transformations to a high quality, public and democratic ECE system in Aotearoa New Zealand. The potential being sought is transformation – not just tinkering at the edges to improve the status quo. Change needs to be deep seated, involving a shift in understanding of the purpose of ECE and the interrelated systems that are needed for ECE to move from a private to a public responsibility.

Way forward

We can learn from other countries. In Nordic countries, children are entitled to a place in early childhood education, provided by the local authority. The entitlement is available at the end of a period of good parental leave. Aotearoa New Zealand does not have such entitlements. The 'free' ECE from an older age is not an entitlement, since parents need to find a service that offers such provision, and may be required to pay for longer hours, as discussed.

Two further exemplars are of countries that set conditions for receipt of funding that have derived from a vision of ECE as public education. In Denmark, the social-democratic government is considering legislation to end funding to for-profit ECE by requiring them to change their for-profit status to 'independent' and reach agreements with the municipality, as a condition for receiving government funding. In Canada, the federal government put forward a vision for a publicly funded and managed system and requires provinces/territories to commit to negotiated plans to implement the vision in exchange for federal funding. The agreements include reducing fees in stages to a capped amount of Canadian \$10 per day, developing a plan for workplace reform and improvements, expanding spaces towards a goal of 59% utilisation, improving training and wages for educators, collaborating with and planning for indigenous services, improving access for vulnerable children and diverse populations, and expansion to occur in the public and non-profit sectors only. Economist, Gordon Cleveland, is tracking some of the provincial initiatives in his posts for [Childcarepolicy.net](https://childcarepolicy.net) (see <https://childcarepolicy.net/author/gordon/blog>). For example, he reports:

Manitoba has a good plan for how to quickly expand childcare services in rural, remote and northern communities. It involves use of modular buildings with a pre-fabricated construction process. Municipalities and First Nations communities that want to participate have to provide serviced land in their community rent-free for 15 years, and agree to provide maintenance, snow clearing and repair services for this period. There is an experienced public sector project manager to provide development services that childcare centre leadership cannot readily do. The province has to provide 100% funding.

In Aotearoa New Zealand, Helen May and I have argued for a participatory decision-making approach to policy making and construction of a vision for what ECE might possibly be:

A new ECE service would take different forms in response to local contexts and the needs of children and families. Its value base would be constructed through discussion and consultation and include a commitment to Te Tiriti o Waitangi and the principles and strands of Te Whariki. It would have competent financial systems and democratic governance structures that enable full participation in decision-making by its ECE community. It would empower, support and provide conditions for participants to develop as a critically reflective community. (May & Mitchell, 2018, p. 3)

The benefits for children and families of good quality ECE are indisputable. The time is right for a transformative agenda that puts children's interests first and moves ECE out of the private domain. Early childhood education should be an entitlement for all children, free to attend, and accessible to all families. It should be a public responsibility, publicly funded, employ well qualified and well remunerated teachers/kaiako who are paid as public servants on a national employment agreement, and be democratically accountable to the public in the same way as schools.

References

Anderson, G. (1991). The Employment Contracts Act 1991: An employers charter? *New Zealand Journal of Industrial Relations*, 16(2), 127-142.

<https://doi.org/10.26686/nzjir.v16i2.3104>

Bushouse, B. (2008). *Early childhood education policy in Aotearoa / New Zealand: The creation of the 20 hours free programme*. Fulbright New Zealand.

https://www.fulbright.org.nz/wp-content/uploads/2011/12/axford2008_bushouse.pdf

Dalli, C. (1992). Policy agendas for children's lives. *New Zealand Journal of Educational Studies*, 27(1), 53-67.

Dalli, C. (1993). Is Cinderella back among the cinders? A review of early childhood education in the early 1990s. *New Zealand Annual Review of Education*, 3. Victoria University of Wellington. <https://doi.org/10.26686/nzaroe.v0i3.1078>

Davison, C. (1997). Kindergartens and their removal from the State Sector Act. *New Zealand Annual Review of Education*, 7. Victoria University of Wellington.

<https://doi.org/10.26686/nzaroe.v0i7.1161>

Davison, C., & Mitchell, L. (2009). The role of the state in early childhood education: Kindergartens as a case study of changing relationships. *New Zealand Annual Review of Education*, 18. Victoria University of Wellington <https://doi.org/10.26686/nzaroe.v0i18.1550>

Early Childhood Education Project. (1996). *Future directions: Early childhood education in New Zealand*. New Zealand Educational Institute Te Riu Roa.

Gallagher, A. (2022). *Childcare provision in neoliberal times: The marketization of care* (1st ed.). Bristol University Press.

Hipkins, C. (2017). *Terms of reference: Development of a strategic plan for early learning*. <http://www.education.govt.nz/assets/Documents/Ministry/consultations/Strategic-Plan-ToR.pdf>

Kelsey, J. (1997). *The New Zealand experiment: A world model for structural adjustment?* Auckland, New Zealand. Bridget Williams Books. <https://doi.org/10.7810/9781869401306>

Kindergartens Aotearoa. (2023, May 18). *Early childhood education – A tangible and positive difference for children*. <https://www.scoop.co.nz/stories/ED2305/S00022/early-childhood-education-a-tangible-and-positive-difference-for-children.htm>

Kronast, H. (2023, November 12). *Five Discoveries Educare ECE centres forced to close after failing to meet standards, all but one left*. <https://www.newshub.co.nz/home/new-zealand/2020/12/five-discoveries-educare-ece-centres-forced-to-close-after-failing-to-meet-standards-all-but-one-left.html>

Lange, D. (1989). *Before five*. New Zealand Government.

Lloyd, E., & Penn, H. (Eds.). (2012). *Childcare markets: Can they deliver an equitable service*. Policy Press.

Luxton, Jo. (2023, June 19). *Government responds to ECE concerns*. <https://www.beehive.govt.nz/release/government-responds-ece-concerns>

Luxton, John (1994, July 29). *Address to the NZFKA annual conference*, Wellington.

Maharey, S. (2007, July 3). *Celebrate the start of 20 hours free ECE*. <https://www.beehive.govt.nz/release/celebrate-start-20-hours-free-ece-0>

May, H. (1992). After 'Before Five': The politics of early childhood care and education in the nineties. *New Zealand Women's Studies Journal*, 8(2), 83-100.

May, H. (1999). The Price of partnership: The "Before Five" decade. *New Zealand Journal of Educational Studies*, 34(1), 18-27.

May, H. (2001). *Politics in the playground: The world of early childhood in postwar New Zealand*. Bridget Williams Books with the New Zealand Council for Educational Research.

May, H. (2008). Towards the right of New Zealand children for free early childhood education. *International Journal of Child Care and Education Policy*, 2(1), 77-91.
<https://doi.org/10.1007/2288-6729-2-1-77>

May, H. (2009). *Politics in the playground: The world of early childhood education in New Zealand* (2nd ed.). Otago University Press.

May, H., & Mitchell, L. (2009). *Strengthening community-based early childhood education in Aotearoa New Zealand*. New Zealand Educational Institute.

May, H., & Mitchell, L. (2018). "Turning the Tide": Suggestions for discussion. Paper presented to Strategic Plan Reference Group.

Meade, A. (1990). Women and children gain a foot in the door. *New Zealand Women's Studies Journal*, 6(1/2), 96-111.

Ministry of Education. (1995, October 10). *Report on the direct (bulk funding) of kindergartens to the Education and Science Select Committee*.

Ministry of Education. (2002). *Pathways to the future: Ngā huarahi arataki*. Ministry of Education.

Ministry of Education. (2019). *He taonga te tamaiti: Every child a taonga. Early learning action plan 2019-2029*. Ministry of Education.
https://conversation-space.s3-ap-southeast-2.amazonaws.com/SES_0342_ELS_10YP_Final+Report_Web.pdf

Mitchell, L. (1996). Crossroads – Early childhood education in the mid-1990s. *New Zealand Annual Review of Education*, 5. Victoria University of Wellington.
<https://doi.org/10.26686/nzaroe.v0i5.1113>

Mitchell, L. (2001). *Bulk funding of New Zealand's early childhood services: An analysis of the impact*. NZCER Distribution Services.

Mitchell, L. (2007). *A new debate about children and childhood. Could it make a difference to early childhood pedagogy and policy?* (Unpublished doctoral thesis). Victoria University of Wellington. <http://researcharchive.vuw.ac.nz/handle/10063/347>

Mitchell, L. (2019). The politics of Future Directions: A political polemic. In S. Middleton & H. May (Eds.), *For women and children: A tribute to Geraldine McDonald* (pp. 140-148). NZCER Press.

Mitchell, L., Botes, V., & Kamenarac, O. (In preparation). *Financial operation, governance structures and funding of education and care centres and kindergartens*.

Mitchell, L., Clarkin-Phillips, J., Kahuroa, R., & Kamenarac, O. (2022). *Submission of supplementary order paper on Education and Training Amendment Bill No 2*.

Mitchell, L., Meagher-Lundberg, P., Davison, C., Kara, H., & Kalavite, T. (2016). *Early childhood education participation programme evaluation: Stage 3*.
<https://www.educationcounts.govt.nz/publications/ECE/ece-participation-programme-evaluation-delivery-of-ece-participation-initiatives-stage-3>

Mitchell, L., Meagher-Lundberg, P., Mara, D., Cubey, P., & Whitford, M. (2011). *Locality-based evaluation of Pathways to the Future – Ngā Huarahi Arataki. Integrated report 2004, 2006 and 2009*.
https://thehub.swa.govt.nz/assets/documents/41440_ECE-Strategic-Plan-web_0.pdf

New Zealand Government. (1991). *The employment contracts act (1991 No 2)*.
http://www.nzlii.org/nz/legis/hist_act/eca19911991n22280/

Nippert, M. (2022, August 3). 'Inland Revenue check on donation results in extra charges for company-turned-charity Best Start Educare.' *Bay of Plenty Times*.
www.bayofplentytimes.co.nz

Simon, A., Penn, H., Shah, A., Owen, C., Lloyd, E., Hollingworth, K., & Quy, K. (2022). *Acquisitions, mergers and debt: The new language of childcare – Main Report*. UCL Social Research Institute, University College London.
<https://discovery.ucl.ac.uk/id/eprint/10142357>

Te Rito Maioha Early Childhood New Zealand. (2023). ECE budget promised a Ferrari but delivered a lemon.
<https://ecnz.ac.nz/Public/News/Articles/ECE-budget-promised-a-Ferrari-but-delivered-a-lemon.aspx>

Trevett, C. (2007, April 27). 'Preschool plan "Dangerous."' *New Zealand Herald*.

United Workers Union. (2022). *"Spitting off cash": Where does all the money go in Australia's early learning sector?*
<https://bigsteps.org.au/wp-content/uploads/2022/08/spitting-off-cash-uwu-report.pdf>

Vandenbroeck, M., Lehrer, J., & Mitchell, L. (2023). *The decommmodification of early childhood education and care: Resisting neoliberalism*. Routledge.

Walters, L. (2020, December 3). Big private childcare company grows while teachers struggle. <https://www.newsroom.co.nz/private-education-company-grows-while-teachers-struggle>

Wells, C. (1999). Future Directions: Shaping early childhood policy for the 21st century - a personal perspective. In I. Livingstone (Ed.), *New Zealand Annual Review of Education*, 8. Victoria University of Wellington. <https://doi.org/10.26686/nzaroe.v0i8.1368>

Work and Income Te Hiranga Tangata. (2020). *Covid-19 wage subsidies — Employer search*. <https://services.workandincome.govt.nz/eps/search>

Wylie, C. (1992). *First Impressions: The initial impact of salary bulk funding on New Zealand kindergartens*. New Zealand Council for Educational Research.

Wylie, C. (1993). *The impact of salary bulk funding on New Zealand kindergartens*. New Zealand Council for Educational Research.

Linda Mitchell is Professor of Early Childhood Education at the University of Waikato, New Zealand and Visiting Leverhulme Professor at Manchester Metropolitan University 2022-2023. She has spent many years researching early childhood education policy and practice and critiquing the marketisation and privatisation of early childhood education. Her writing on democracy and education includes *Democratic practices and policies in early childhood education and care. An Aotearoa New Zealand case study* and publications from her research concerning refugee and immigrant families in early childhood education. Her recent co-authored books are: Vandenbroeck, M., Lehrer, J., & Mitchell, L. (2023). *The decommodification of early childhood education and care. Resisting neoliberalism*. London: Routledge; and Moss, P. & Mitchell, L. (in press). *Early childhood in the Anglosphere: Systemic failures and transformative possibilities*. London: UCL Press.
<https://orcid.org/0000-0001-9428-3192>