The sinking of the early childhood education flagship?

Government's plan to privatise kindergartens: the bulk-funding story

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The sinking of the early childhood education flagship? Government's plan to privatise kindergartens:

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This paper was prepared for an M.Ed paper in Early Childhood Education Policy taught at Victoria University of Wellington in 1996.

ABBREVIATIONS

AKA: Auckland Kindergarten Association
AECU: Combined Early Childhood Union of Aotearoa
CNIFKA: Central North Island Free Kindergarten Association
DOPS: Statement of Desirable Objectives and Practices
MOE: Ministry of Education
NRB: Per Session Unit Staffing Scheme
NZCER: New Zealand Council for Educational Research
NZFKA: New Zealand Free Kindergarten Associations
NZFKU: New Zealand Free Kindergarten Union (now split into the ICZFKA and NZKF)
NZKF: New Zealand Kindergarten Federation
OECD: Organisation for Economic Co-Operation and Development
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INTRODUCTION

Kindergartens in New Zealand have been viewed historically as the flagship for Government support of the early childhood sector (e.g. Wylie, 1992). The bulk funding of kindergarten operational grants introduced in the 1991 Budget indicated an ideological shift by Government towards the principles of the New Right ideology. This and other similar moves showed that Government's intention was to withdraw state support and encourage an early childhood sector which required a minimum of state intervention.

The paper sets the bulk funding of kindergartens in its wider political and educational context and follows the progression of the policy from the 1991 Budget until the election of the first coalition government on 12th October 1996.

It argues that this policy represents an attempt by government to privatise the kindergarten services. The paper describes the general economic and political climate as well as the educational background in New Zealand in the years prior to 1990 and the implementation of bulk funding. The philosophy and framework of the New Right is examined. Key advocates of this ideology are identified and their agenda with regard to the early childhood sector and kindergartens in particular is explored. An analysis of the events between 1990 and the election of 1996 in New Zealand is provided. This paper argues that the New Right agenda provided the context for the Government's decision to introduce bulk funding of kindergartens in New Zealand.

For the purposes of this paper, 'kindergarten' refers only to free kindergartens represented by either the New Zealand Free Kindergarten Associations or by the New Zealand Kindergarten Federation.
Government continued to provide subsidies and allow tax write-offs but these moves were not sufficient to enable it to retain office.

Following the 1984 election, the fourth Labour Government came to power. Announcing that the country faced an economic crisis, the currency was immediately devalued by 20% and the government then focussed on economic considerations. This eased the way for the implementation of a radical programme based on New Right or Liberal ideology which was becoming influential internationally. The reform involved a move towards a radically deregulated economy, driven by market forces. This resulted in the privatisation of state assets and reduced public expenditure, with the sale of state assets sold to enable debt repayment and state sector unemployment. State assets were sold to enable debt repayment and state sector unemployment. State assets were sold to enable debt repayment and state sector unemployment. State assets were sold to enable debt repayment and state sector unemployment.

The New Zealand Treasury (1984, 1987) provided the blueprints for subsequent economic and social policy reform. The philosophy encapsulated in both briefings was that of the New Right, emphasising reduced state input and encouraging privatisation, choice and competition, reduced public expenditure, a reduced welfare state, and the operation of market forces. The fourth Labour Government followed this path, moving swiftly to deregulate the economy, targeting low inflation at the cost of high interest rates and growing unemployment. State assets were sold to enable debt repayment and state sector unemployment. The implementation of New Right policies depends on inabilities to dissemble and undermine existing structures and frameworks. These strategies invariably commence with public pronouncements on the failure of the existing structures, invariably accompanied with public pronouncements on the failure of the existing structures.

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New Right advocates believe that the free market is the best means of regulation and that the provision of a welfare state disrupts the operation of the economy. Advocates believe that those who cannot succeed in the market place should be allowed to fail. Advocates believe that the free market is the best means of regulation and that the provision of a welfare state disrupts the operation of the economy. Advocates believe that those who cannot succeed in the market place should be allowed to fail.

Lauder (1990) has argued that the implementation of New Right policies depends on the ability to discredit and undermine existing structures and frameworks. These strategies invariably commence with public pronouncements on the failure of the existing structures, invariably accompanied with public pronouncements on the failure of the existing structures.

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Despite this lack of evidence, the negative sentiments continued. The Labour Government followed these principles throughout their two terms in office although some considerations of equity remained to temper their reforms. Voters displayed their rejection of the Labour Government’s policies in the 1990 election when a National Government swept to power. By this time, however, the New Right philosophy had become accepted rhetoric and the framework for economic and social reform had been established.

THE EDUCATIONAL ENVIRONMENT PRIOR TO OCTOBER 1990

In 1983, the OECD report on education in New Zealand was laudatory about both the education system and the quality of teaching in New Zealand. It found that the education system was “economically run and by no means extravagant in its demands on resources” (OECD Committee on Education, 1983, p12). The only concern expressed was that teaching was undervalued in comparison to other professions. There was little evidence of dissatisfaction at the time.

In 1986, however, only three years later, when the New Right ideology was exerting a stronger influence, the report of the Education and Science Select Committee into the Quality of Teaching asserted that “there is widespread recognition that some teachers are unsatisfactory. They damage the children they teach and parents have expressed in this Committee and elsewhere the belief that some teachers are unsatisfactory” (Education and Science Select Committee, 1986, p8). The only documented evidence of this concern was reference to unnamed and undated discussions between parents and some individual members of the committee. The discrediting of existing structures described by Lauder (1990) had commenced.

1990
The Treasury 1987 Briefing Papers to the Incoming Government comprised two volumes. Government Management Volume Two: Education Issues viewed education from an economic perspective as a means to provide the skills and expertise required to fuel the economy. It was also seen as a private good, a commodity which individuals chose to consume (Middleton, Codd and Jones, 1990).

Treasury’s briefing papers provided the vision for a radical reform of the education system according to the New Right ideology, focused on a market-driven education system. Parent choice would force competition amongst institutions which would lead to improved standards. The Treasury belief in the individual, or private, benefit of education included the viewpoint that students (or parents) should contribute towards the cost of their education.

In 1988, the Prime Minister, Rt Hon. David Lange, took over the education portfolio and stated his desire to reform the education system. A series of task forces and working groups were set up to examine each sector of education. The reforms focused on the reorganisation of education administration. The Department of Education was disestablished and the Ministry of Education (MOE) was formed. The role of the MOE, much narrower than that of the previous Department, was to provide advice to the Minister and oversee the implementation of national policies (Lange, 1988). Working groups were set up to examine each sector of education. The reforms focused on devolved systems of funding in which individual governing boards would receive a bulk grant to manage the funds in which individual governing boards would receive a bulk grant to manage. The role of the MOE would be to provide advice to these boards. They were to be contracted to assume the responsibility for the efficient running of their institutions. Many state involvement in education was to be reduced and governing boards would be established to complement the system.

Education Boards were discharged and a range of independent bodies was established to complement the system. The Prime Minister, Rt Hon. David Lange, took over the education portfolio. As the cost of the education system, the Treasury’s briefing papers provided the vision for a radical reform of the education system.
Equity objectives specified consideration for women, Maori, Pacific Island and other minority groups, working class, rural and disabled students, teachers and communities. These equity considerations were intended to soften the harshest effects of the New Right ideology on education.

THE EARLY CHILDHOOD CARE AND EDUCATING SECTOR

Prior to October 1990

The early childhood care and education sector was on the agenda of the Labour Government when they came to office in 1984. Economic considerations had taken precedence and little action occurred until 1987 when they were returned to office. At this time education became a key issue. The Treasury Briefing Papers of 1987 put forward the view that parents, as the prime beneficiaries of early childhood care and education, should meet the costs of services. There was an emphasis on targeted funding, attached to the child rather than the provider. The Treasury also raised a concern that over-professionalisation of early childhood personnel was increasing the cost of services. The costs of services, rather than the state, should meet these costs. The provision of early childhood services was transferred from the Department of Social Welfare to the Department of Education in 1986. The Department of Social Welfare had been responsible for child care and kindergarten teachers was introduced.

Since 1986, the administrative responsibility for child care and education was transferred to the Department of Social Welfare. In 1988, three-year integrated training for child care staff and kindergarten teachers was introduced. Over the years the early childhood care and education sector in New Zealand has been characterised by its diversity. In 1990, there were over 20 different types of early childhood services (Early Childhood Care and Education Working Group, 1988) and over 70,000 children enrolled in early childhood services (Early Childhood Care and Education Working Group, 1988).

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same time, she was also asked to convene the Working Group on Early Childhood Care and Education as part of the social policy reform process. Meade believed that being in both of these roles was significant in “shifting early childhood issues from the government’s agenda to the government’s decision agenda” (p8).

Early childhood education reforms

The Early Childhood Care and Education Working Group presented its report, Education to be More, in 1988. At the time, Administering for Excellence (Taskforce to Review Education Administration, 1988), which detailed the proposed reform of the school sector, had just been released and the early childhood working group was able to fit their report to this model. Elected boards of trustees for early childhood services, bound by charters to ensure adherence to certain quality criteria, were proposed. In return, each chartered early childhood service would receive government funding at a universal rate. The method of calculation recommended was a bulk grant based on an hourly rate per child. It was envisaged that the rate would be sufficient to meet the quality standards of early childhood services, ensuring that children could not be said to be “thickly funded.”

Kindergartens, currently receiving the highest level of government funding, were not determined to receive anything like the same level of funding per hour. The report noted also that these rates were insufficient to increase staffing to meet the requirements of the report.

The rate of the hourly grant was compared with the funding level for kindergartens, which was used as an example to set a minimum rate. In reality, kindergartens could not be said to be “thickly funded,” as the proposed model would require an hourly rate of $3.50 per child per hour to maintain the same level of service. Kindergartens, currently receiving the highest level of government funding, were not determined to receive anything like the same level of funding per hour. The report noted also that these rates were insufficient to increase staffing to meet the requirements of the report.

Education to be More was a progressive report which emphasised equity in the funding of services and access to appropriate, affordable services. Its recommendations included the introduction of a bulk grant to fund early childhood services, ensuring that all services could comply with the proposed quality criteria. The report was followed by Before Five (Lange, 1988), which was the Government’s policy document for the early childhood sector.

Early childhood education reforms

The government’s agenda to the government’s decision agenda” (p8), bringing in both of these roles was significant in shifting early childhood issues from Care and Education as part of the social policy reform process. Meade believed that the same time, she was also asked to convene the Working Group on Early Childhood Care and Education.
differences from Education to be MORE: elected boards of trustees were rejected and the existing management structures of early childhood services were retained. Bulk grant funding was accepted and staged increases were planned. It was envisaged that all services would reach the full universal rate by 1994/95. A decision was not made on what this rate should be.

The first payment of the bulk grant was made on 1st February 1990.

Quality guidelines laid out in the Early Childhood Management Handbook (Ministry of Education, 1989) included staff:child ratios and caregiver training in excess of the minimum standards. The working group’s intention of linking the receipt of funding to the quality guidelines required in charters was not successful, however, since centres had not yet completed the chartering process. Funding was therefore paid out to all centres regardless of whether they met the quality criteria.

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The continuation of existing management structures allowed private providers to receive the bulk grant directly. A lack of tagging and poor accountability procedures resulted in abuse by some unscrupulous providers (cited in Mitchell, 1995; Early Childhood Education Project, 1996).

The Economic and Political Climate from October 1990 and the Early Childhood Sector

The October 1990 election resulted in a landslide victory for the National Party. Hon. Lockwood Smith was appointed Minister of Education and Hon. John Luxton was appointed Associate Minister with delegated responsibility for the early childhood sector.

In November 1990, the quality guidelines for chartering were reinforced by the promulgation of the Conditions for Receipt of the Early Childhood Bulk Grant. In this, staff:child ratios and caregiver training requirement remained in excess of the minimum standards. This was not to last for long.

The Economic and Political Climate from October 1990 and the Early Childhood Sector

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The existing management structures of early childhood services were retained.
Statement of Desirable Objectives and Practices. The Statement (hereafter referred to as the DOPs) contained over sixty objectives and practices which were deemed to be part of every early childhood charter. The DOPs affirmed the minimum standards as laid out in the Early Childhood Regulations 1990 and the level required for chartering, thereby qualifying providers for funding.

The following week the National Government released the Economic and Social Initiative (Bolger, Richardson and Birch, 1990). In his introduction the Prime Minister announced that the measures reflected the "serious state of the New Zealand economy" and that the Initiative "is the medicine, designed to bring the economy back to full health as rapidly as possible" (p3). The Economic and Social Initiative articulated the National Government's intention to continue to pursue a New Right ideology.

The measures in the Initiative included the termination of planned increases in early childhood funding and the announcement of seventeen reviews of the education sector. Two of these reviews focused on the early childhood sector, particularly the kindergarten philosophy (Education Amendment Act, No. 3, 1990). This move was in opposition to the kindergarten philosophy.

The reviews were led by a team of researchers who were appointed to conduct reviews on the early childhood sector over the review period. The reviews were set to take place in response to the public concern over the early childhood sector, particularly the halt of the staged funding increases. Concern increased when the convenor of the funding review, Rosemary Renwick, withdrew and a reconstituted team was led by a State Services Commission official.

The official review team was remanded under cover until after the 1991 Budget. The official review team remained under cover until after the 1991 Budget.

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The 1991 Budget was released on 30th July 1991. It announced widespread cuts to spending and included greater emphasis on targeted assistance. The 1991 Budget had a dramatic effect on the early childhood sector. Funding for children under two years of age in child care centres was cut and the early childhood regulations were "eased" to make it simpler for alternative providers to establish centres. A reduction in the training points requirement for supervisors and an increase in the child:staff ratio for children under two years of age in mixed age group centres were proposed. It was announced that kindergarten funding would remain at the 1991 level and that kindergarten salary bulk funding would be introduced. Compulsory teacher registration in kindergarten teachers was removed.

Helen May (1992) has described the general outrage that followed this budget and notes that the National Government was forced to amend and pull back from the extremes of some budget night announcements. She notes, however, that a lack of political clout in the early childhood sector meant that this sector's budget night announcements remained largely unchanged. These moves were in line with the National Government's stated aim of reducing state input and encouraging alternative providers (Bolger, Richardson, Birch, 1990).

The kindergarten movement

A historical perspective

The first New Zealand kindergarten opened in Dunedin in 1899. It was influenced by a group of Dunedin residents who were concerned about the large number of young children who were left to roam the streets while their parents worked long hours in factories. A public meeting was called and this group decided to employ a trained teacher and provide free education for these children.

The success of this venture resulted in further kindergartens opening throughout the country; each kindergarten adhered to the philosophy espoused by this initial group.

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and up to the time of writing kindergartens have continued to provide free early childhood education and employ only trained teachers.

Regional kindergarten associations, comprising elected parents from individual

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The same manner as for the school sector.

directly and Education Boards employed teachers and provided support in very many

Local Education Authority (NEPA), completed the administrative structure. Teachers salaries were paid

In 1992 Cathy Wyllie described the support provided as including „80% of building
costs, were introduced and then withdrawn. Government support for the kindergarten movement has been provided in a variety of ways. Initially it took the form of a one-off grant and this was followed by a

Children are generally aged between three and five years of age and up to forty children were enrolled in each session. Children are generally enrolled for three years or more and

By the 1990s New Zealand kindergartens had developed a reasonably homogeneous

system of professional support through senior teachers (Wyllie, 1992, p. 2).

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Although no fees were charged, parents were asked to make a

voluntary donation with families paying according to their ability.

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New initiatives within the kindergarten movement were developed to extend the availability of the service to families and increase the quality of provision; these included the establishment of mobile pre-school units to service rural and isolated areas and the growth of a national system of professional support. By 1988 there was a New Zealand-wide Professional Support Scheme consisting of eight regional teams of senior teachers who provided support across association boundaries. The aim was to ensure that every kindergarten had access to professional advice and support.

By 1996 there were 591 kindergartens, catering for 47,208 children which represented 29.6% of all children attending early childhood services.

Kindergartens and the education sector reforms

This loss was significant for the free kindergarten movement. The Education (Early Childhood Education) Regulations 1990, passed in September of that year, had set a 1:15 staff:child ratio as part of the minimum requirements for a licence. The implementation of the PSF Scheme, many were still operating with a 1:20 ratio. Failure to gain a licence would result in the loss of funding. The point in the implementation of the PSF Scheme, many were still operating with a 1:15 staff:child ratio as part of the minimum requirements for a licence - but at this point the implications of the changes were not yet fully understood. The initiative not only announced the loss of the early childhood services funding but also included the cessation of the staff:child ratio of the Before Five policies.

For kindergartens the Before Five policies meant that they would not receive staged increases until the latter stages of the proposed scheme. This was on the basis that kindergartens were the early childhood service receiving the highest hourly rate of funding. As has been noted already, the election of the National Government in October 1990 brought with it a new approach to the provision of funding. The Education (Early Childhood Education) Regulations 1990, passed in September of that year, had set a 1:15 staff:child ratio as part of the minimal requirements for a licence but, at this point in the implementation of the PSU Scheme, many were still operating with a 1:20 ratio.

Failure to gain a licence would result in the closure of the service. The Regulations specified certain conditions under which a provisional licence could be granted and kindergartens that did not meet the required ratio were granted a provisional licence. The Regulations specified that a provisional licence would result in the loss of funding. The implementation of the PSF Scheme, many were still operating with a 1:15 staff:child ratio as part of the minimum requirements for a licence - but at this point the implications of the changes were not yet fully understood. The initiative not only announced the loss of the staff:child ratio of the Before Five policies but also included the cessation of the staff:child ratio of the free kindergartens. The Education (Early Childhood Education) Regulations 1990, passed in September of that year, had set a 1:15 staff:child ratio as part of the minimal requirements for a licence but, at this point in the implementation of the PSU Scheme, many were still operating with a 1:20 ratio. Failure to gain a licence would result in the closure of the service. The Regulations specified certain conditions under which a provisional licence could be granted and kindergartens that did not meet the required ratio were granted a provisional licence. The Regulations specified that a provisional licence would result in the loss of funding.

During the reforms of the education and early childhood sectors in 1988 and 1989, kindergartens, like all other forms of early childhood services, negotiated charters and came to terms with the administrative changes. The Ministry of Education established a Discretionary Loans Scheme to replace the previous capital finding and establishment grants. The Early Childhood Support Scheme was introduced to replace the previous capital funding and provision of professional support. The Ministry of Education and Social Services came to terms with the administrative changes. Associations received an operational kindergartens. The initiative not only announced the loss of the staff:child ratio of the free kindergartens but also included the cessation of the capital funding and provision of professional support. The Ministry of Education and Social Services came to terms with the administrative changes. Associations received an operational kindergartens. The initiative not only announced the loss of the staff:child ratio of the free kindergartens but also included the cessation of the capital funding and provision of professional support. The Ministry of Education and Social Services came to terms with the administrative changes. Associations received an operational kindergartens. The initiative not only announced the loss of the staff:child ratio of the free kindergartens but also included the cessation of the capital funding and provision of professional support.
subsequently granted these provisional licences. The renewal of these was, however, a cause of ongoing concern.

The passing of the Education Amendment Act (No 3) 1990 which made possible the payment of fees for attendance at a kindergarten, further increased the level of concern about government’s plans for the future of the kindergarten movement. Kindergarten associations remained strongly opposed to charging fees and refused to do so, convinced that this would restrict children’s access to kindergartens.

A National Research Bureau study, Survey of Caregivers of Children Under Five, Use of Early Childhood Services, suggested that more than a quarter of those families paying less than $20.00 per week for child care would either stop using the service altogether or reduce their hours if there was a small increase in the weekly fees (National Research Bureau, 1993).

**THE INTRODUCTION OF BULK FUNDING**

The Budget of 1991, the first in the new National government’s term of office, served to heighten the kindergarten movement’s anxiety. Kindergarten funding was capped, the compulsory registration of kindergarten teachers removed and kindergarten salary bulk funding introduced. The budget intention was that kindergarten bulk funding would be implemented from 1st February, 1992. The rate was set at $2.86 per child per hour, 64 cents per child per hour less than the minimum recommended three years earlier in Education to be More (ECCE Working Group, 1988). The rate was set at $2.86 per child per hour, 64 cents per child per hour, $2.86 per child per hour.

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The passage of the Education Amendment Act (No 3) 1990 which made possible the payment of fees for attendance at a kindergarten, further increased the level of concern about government’s plans for the future of the kindergarten movement. Kindergarten associations remained strongly opposed to charging fees and refused to do so, convinced that this would restrict children’s access to kindergartens. As a result of these provisions, the renewal of these licenses was, however,
concerns that the quality of the kindergarten service would inevitably deteriorate (Mitchell, 1991; NZFKU, 1991). Previous experiences of bulk funding have indicated that this style of funding can have undesirable effects. A 1991 study for the PPTA (McGeorge, 1991) documented a history of inequities under former systems of bulk funding of schools in New Zealand.

He described grants being deleted and abolished as economy measures, building appropriations being reduced, the need to use operating funds to pay staff, pupil teachers being exploited as cheap labour, a lack of finding for special educational requirements and inequities between schools, their staffs and between teachers at particular schools.

Kindergartens themselves had had some experience of this during the depression when the capitation grant was withdrawn. The sudden reduction in funding for children aged under two in the 1991 budget was a very clear example of the ease with which the bulk grant could be manipulated.

Despite the vocal opposition of NZFKU and of CECUA, however, a working group was set up in August 1991 to facilitate implementation of the policy and, although not originally included, CECUA and the NZFKU asked to be represented. In his address to the working group Mr Luxton said that he had fought against pressures to reduce kindergarten funding during the budget round but that he believed that bulk funding would give kindergarten associations the ability for self-management, allow them to expand and diversify the service and create opportunities for greater choice and democracy. The working group would give kindergarten associations the ability for self-management above them to influence, change and determine the bulk funding during the budget round but he believed that bulk funding was essential.

By November 1991, dissent within the NZFKU over the acceptance of bulk funding was apparent. A special general meeting resolved "that the meeting reluctantly accepted that the Government would not reverse its decision and will negotiate a transitional arrangement with the best conditions possible for the kindergarten movement (NZFKU, 1991)."

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were conducted which explored some of its effects on the kindergarten movement. During the first three years of the operation of bulk grant funding, several studies were conducted which explored some of its effects on the kindergarten movement.

EARLY STUDIES
THE EFFECTS OF KINDERGARTEN BULK FUNDING - SOME

It was clear by now that the kindergarten "flagship" was in serious trouble. The combination of policy moves involving the kindergarten movement clearly indicated the impact that New Right ideology was having on the kindergarten movement. The kindergarten movement was expected to increasingly become subject to the market and competition success by success was expected to increase the level of quality desired. The kindergartens movement was clearly enjoying the benefits of a more cooperative nature of a national structure. The removal of compulsory teacher registration had increased the level of financial risk faced by the kindergartens. The kindergartens were required to develop financial systems which were cost-effective and efficient. The bulk funding of kindergartens enabled the state to devolve responsibility for the provision of the service and the development of kindergarten funding at the 1991 level. The kindergartens were required to develop financial systems which were cost-effective and efficient. The removal of compulsory teacher registration had increased the level of financial risk faced by the kindergartens. The kindergartens were required to develop financial systems which were cost-effective and efficient. The bulk funding of kindergartens enabled the state to devolve responsibility for the provision of the service and the development of kindergarten funding at the 1991 level. The kindergartens were required to develop financial systems which were cost-effective and efficient. The removal of compulsory teacher registration had increased the level of financial risk faced by the kindergartens. The kindergartens were required to develop financial systems which were cost-effective and efficient. The bulk funding of kindergartens enabled the state to devolve responsibility for the provision of the service and the development of kindergarten funding at the 1991 level. The kindergartens were required to develop financial systems which were cost-effective and efficient.
Cathy Wylie (NZCER) conducted one of the earliest studies in 1992, three months after the start of kindergarten bulk funding. The work was a survey of all 41 free kindergarten associations, all 42 senior teachers and the head teachers and chairpersons in a random sample of 25% of fixed site kindergartens. Wylie (1992) found that "while it is still very early days yet in the switch to bulk funding, changes were already occurring at association and kindergarten level" (p32). The major findings of this study were that the introduction of bulk funding had resulted in:

- A considerable increase in workloads and stress for staff and volunteers
- Pressures to maintain full rolls and an increase in group size in many kindergartens
- A considerable increase in donations and fundraising
- Kindergartens are maximising funding
- Kindergartens are maintaining high rolls

A follow-up study, funded principally by NZCER, with a small contribution from CECSA, was conducted in 1993 and examined the impact of bulk funding. This study concluded that the bulk funding of kindergartens may have brought their funding mechanism into line with other early childhood institutions but that there was no evidence that it had improved their operation or enabled innovation. Flexibility or better opportunities for children were more likely to increase rather than decrease. A clear link was also found between parental socio-economic status and the resources available to each kindergarten (Wylie, 1992, p32) and predicted that this inequality was more likely to increase rather than decrease.

Wylie (1993) found that "while it is still very early days yet in the switch to bulk funding, changes were already occurring at association and kindergarten level" (p32). Kindergarten staff and volunteers were experiencing an increase in workloads and stress, and Wylie noted that kindergartens and associations were cutting and prioritising spending. These changes included changes in association structure, particularly those concerned with financial arrangements and investment practices, maximising the income gained by financial arrangements and investment practices, maximising the income gained by fundraising. Changes were already occurring at association and kindergarten level."
An increase in the number of kindergartens which complied with the 1:15 ratio due to income from investment and roll increases has led to a widening in the resource gaps between kindergartens in low income areas and others, to the long term detriment of access and quality for children from low income families.

A growing emphasis on the financial availability of individual kindergartens making it increasingly difficult to target resources to particular needs, while community responsiveness remained unchanged.

"Wylie (1993) believed that the changes that had occurred were more likely to be associated with increasing income rather than improving the quality of the service provided. Any increase in access to a service was dependent on demand but on the existence of buildings which could accommodate the increased group size (through increased enrolment size) and the resources needed to implement access. Wylie (1993) believed that the changes that had occurred were more likely to be associated with increasing income rather than improving quality."
The second stage of Houghton and Wilson's study, released in April 1995, reported on the impact of the policy during 1993 and 1994. The transitional arrangement was in operation throughout the time, and for this reason, it was noted that the next stage of the study, 1995/1996, would provide a more conclusive evaluation of the effects of bulk funding on associations' policies, operations and finances. The third stage of the study had not been released at the time of writing.

Houghton and Wilson (1995) found that bulk funding had resulted in a 1000% increase in the size of budgets administered by kindergarten associations. Kindergarten associations described some positive effects from bulk funding such as improved management, planning and policy development. These were also a by-product of increased group sizes, increased responsibilities for volunteer management and the increased workload of staff. These positive effects were tempered with a caution that while bulk funding encouraged associations to make these plans, their ability to carry them out was dependent on there being sufficient money in the bulk grant to cover the increased group sizes (20 out of 30 associations reported increased group sizes at least some kindergartens) and increased workloads.

Negative effects described by associations were increased group sizes, increased staff stress due to increased workloads and the pressure to maintain full rolls and increased responsibilities due to increased workload. There was also a flow-on impact on senior teachers' workloads, hours of work and functions of teaching staff. Senior teachers were working longer hours and their functions increasingly involved them in management and policy development. These negative effects were compounded by the lack of recognition of equity considerations in the bulk grant and insuperable funds to cover the increased group sizes. Senior teachers were working longer hours and their functions increasingly involved them in management and policy development.

The second stage of the study noted that staff morale had significantly worsened. Workloads, hours of work and functions of teaching staff had increased. Senior teachers were working longer hours and their functions increasingly involved them in management and policy development. There was also a flow-on impact on senior teachers' workloads arising from teachers' dissatisfaction and stress. Associations felt that "the quality of services delivered to children had not suffered but that association and kindergarten staff and management had insulated children from potentially negative impacts of bulk funding" (Houghton and Wilson, 1995, p. 61).
A 1994 study into teacher and parent perceptions of kindergarten bulk funding and the effects of the policy on the quality of care and education found that in order to maintain quality, the workloads of teachers and mothers had increased (Dougherty, 1994). Dougherty also found that parents were being asked to contribute more to some kindergartens in an effort to maintain the quality of the service. There was concern that this would disadvantage kindergartens in the lower socio-economic areas.

Conclusions from the Research

There is a striking degree of consistency in the findings of these reports which showed little evidence to suggest that Mr Luxton’s stated aims in introducing bulk funding were achieved. Kindergartens had increased their staffing to meet the 1:15 licensing requirement but had not been able to provide the diversity of choice within the service which Mr Luxton had intended. The studies found little evidence of the diversity, flexibility or choice within the service which Mr Luxton had intended. Kindergartens which were not financially viable would be unlikely to be subsidised by cash and would likely close. The stage was set for the state to withdraw from responsibility.
The pressure to change

As government's agenda for kindergartens became increasingly clear, kindergarten associations remained steadfastly opposed to charging fees despite the ongoing pressure being applied to encourage them to do so. In 1994 Mr Luxton was invited to address the NZFKA conference in Wellington. He told the delegates that they could no longer hold on to the "sacred cows" of the past (Luxton, 1994). These included sessional provision, trained teachers and free access.

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and Etterick Place, sited in Tokoroa. Both of these kindergartens served low income communities.

When the 1995 budget was announced it was clear that yet again the kindergarten service was put under pressure to change and become more like other early childhood services. Two options for kindergarten funding were provided.

The first option increased the hourly rate from $2.875 to $2.90 per child and retained the eight session per week and 320 sessions per year restrictions. The second option reduced the hourly rate from $2.875 to $2.50 (the rate applicable for other early childhood services) but removed the restrictions on the maximum number of sessions that would be funded weekly and annually. It also provided access to the Department of Social Welfare childcare subsidy if associations chose to charge fees.

The first option would provide a funding increase of 0.87% (NZEI, 1995). The second option would involve extending kindergarten hours of service and charging fees to become eligible for the childcare subsidy.

Adopting the second option would also represent a significant shift in philosophy and operation. It would considerably increase the hours of work and workload of kindergarten teachers and reduce their comparability with the working conditions of teachers in the primary school sector.

Kinder
garten associations were not persuaded by the second option. At their annual conference in July 1995, Mr Luxton, in a hard-hitting speech, accused kindergarten associations of "burying their heads in the sand" (Luxton, 1995, p6). He stated that the Government wanted to "force kindergartens out of business" or "privilège them" with the working conditions of social welfare childcare subsidy at their disposal but at the cost of becoming eligible for the childcare subsidy.

The increase of 0.87% received under the first option of funding in the 1995 budget was not sufficient to relieve the financial demands confronting the kindergarten movement. In June 1995, the NZEI which by now had amalgamated with CECUA to become NZEI, initiated a campaign to gain an increase in funding.

The campaign begins...
In November 1995, 264 petitions containing more than 16,000 signatures were presented to Parliament, requesting an increase in funding for kindergartens. The Education and Science Select Committee invited submissions from the NZEI, NZFICA, Wellington Region Free Kindergarten Association (WRFICA), Central North Island and Waikato Free Kindergarten Association (CNIKFA, WPFA, 1995a). They provided an analysis of the MOE paper and presented evidence to refute the MOE submissions. The submission caused consternation within the kindergarten sector and some of the kindergarten associations showed a high degree of consistency.

All argued that kindergartens provided high quality early childhood education, that there was considerable demand for the service and that it was valued. The submissions recommended a significant increase in funding for kindergartens. It pointed out that kindergartens had accessed mixed funding arrangements for kindergartens. The introduction of the new funding arrangements had been difficult, but the changes brought funding arrangements for kindergartens into line with the rest of the early childhood sector, allowing associations more flexibility and enabling them to respond better to the needs of their communities. The MOE submission emphasised that the changes brought the funding arrangements for kindergartens into line with the rest of the early childhood sector, allowing associations more flexibility and enabling them to respond better to the needs of their communities. The MOE submission did not address the research of Houghton and Wilson (1995; 1995) on the effects of direct funding on kindergartens. Instead, they provided a description of the 1995 Budget changes and provided a rationale for the changes. The MOE submission quoted the research of Houghton and Wilson (1995; 1995) on the effects of direct funding on kindergartens. Instead, they provided a description of the 1995 Budget changes and provided a rationale for the changes. The MOE submission emphasised that the changes brought the funding arrangements for kindergartens into line with the rest of the early childhood sector, allowing associations more flexibility and enabling them to respond better to the needs of their communities.
The NZFICA in an oral presentation (NZFICA, 1995b) provided evidence which showed that 87.56% of families using kindergartens did not want an increase in the number of sessions offered and that only 11.73% would prefer more sessions (NZFICA, 1995c). A survey also showed that 93.9% of families rated the programme proved as good to excellent (NZFICA).

The WRFICA Supplementary Submission (WRFICA, 1995b) included a paper which compared the quality of kindergarten education with recognised quality characteristics and the findings of recent research (Meade and Cubey, 1995). Both comparisons revealed that kindergarten scores well on each criterion, excepting the group size and staff-child ratios, which were argued that an increase in funding would improve. The MOE's advice to Government was to not increase kindergarten funding but rather to push kindergartens to charge fees and to extend their hours of operation.

In late November 1995, in an unusual move, the Select Committee requested that Mr Luxton attend the hearing with MOE officials. The MOE Briefing Notes stated that the increase in funding sought by the kindergarten sector would result in a system of "Preferential funding treatment from Government" at a time when the aim of current policy was for Government to buy "Educational hours of a particular quality from early childhood services, and, overall, is neutral in terms of service type" (MOE, 1995a).

The MOE stated that although the hourly rate of the bulk grant had not increased, kindergartens had increased their funding by 4.1% by extending their operation to the maximum 320 funded sessions and that the changes to funding arrangements are designed to achieve parity between kindergartens and the rest of the sector. (MOE, 1995a)

The WRFICA argued that the bulk of the grant was spent on salaries and that the increase in funding would improve the quality of kindergarten education, which was argued that it would enable kindergarten associations to improve in these areas.

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The Government responded by noting that the March 1996 changes in funding arrangements were made on the basis that all providers offering a comparable quality of service for equal hours should receive comparable funding from the Government. It was stated that kindergartens had the ability to increase their funding by extending their hours of operation. Careful consideration would proceed and an announcement would be made on the issue on May 23, 1996 (NZ Government, 1996).

Meeting changing rules and requirements

During subsequent months, the kindergarten community continued to struggle with the bulk grant. On March 1, 1996, a new funding guide was sent to early childhood centers (MOE, 1996a). The booklet incorporated the quality funding rates announced in the 1995 Budget and was an interim guide until a finished document was prepared for use in July 1996. While the bulk grant was in place, all rules pertaining to the claiming of the grant had to be followed.

Over the years, a number of rules and requirements contributed to the increased workload of kindergarten teachers. These rules and requirements included the 'five day rule' which stated that if a child was absent for more than five days without evidence from the parent, the place could not be held. Additionally, where children attended more than one service, funding could not be claimed for simultaneous attendance hours. It had always been intended that enrolment, not attendance, should be the basis of the funding.

In early 1996, kindergarten associations began to lose significant amounts of funding, according to MOE audits. The Central North Island Free Kindergarten Association was one of those. Kindergartens with up to ninety children on their rolls were struggling to meet the demands placed on them. The new funding guide provided an interim solution until a finished document was prepared.

Meeting changing rules and requirements

The Association had over 30% of their kindergartens audited at this time and deductions for the rule which matched attendance to the enrolment agreement, amounted to $30,000 (Little, 1996).

Associations corresponded and met with officials from the MOE in an effort to understand the new interpretations. They approached the Minister with their concerns. The rules remained in force despite indications that ministerial officials felt that the MOE interpretation and application were overly bureaucratic.

**ADHERENCE TO AN IDEOLOGY**

During the two terms of office of the National government between October 1990 and October 1996, government management of the education sector had attracted considerable criticism and negative publicity. In May 1996, the Minister of Education, Hon. Lockwood Smith and his Associate, Hon. John Luxton were replaced by Hon. Wyatt Creech and Hon. Bill English. The Associate Minister, Mr English, gained responsibility for the early childhood sector.

The MOE, in a Briefing Paper to the new Minister on the early childhood sector (MOE 1996c) noted the kindergarten community's dissatisfaction with the funding rates for kindergartens. The MOE noted that there was a need for kindergarten directors to access the funding opportunities that other early childhood services had not. The briefing also stated that the MOE had offered assistance to kindergartens and that an improved management style is needed.

On 23 May 1996, the much awaited Budget was announced. Hopes within the kindergarten community were high, as the results of the government's consideration were revealed. To operate effectively on a constrained budget, associations argued that they were indeed good managers and had managed to operate effectively on a constrained budget. Kindergarten associations had received concessions that other early childhood services had not, and there was an improved management style needed for the early childhood sector. The Associate Minister, Mr English, gained responsibility for the early childhood sector.
The Budget announced an increase in sessional funding from 1 January 1997 for all licensed services. The provision for kindergartens was separate and amounted to an increase of 2.5%. This took the hourly rate from $2.90 per child per hour to $2.9725 per child per hour. The kindergarten community had requested a significant increase; 11% was the commonly agreed figure required. Kindergarten associations had acknowledged that teachers deserved a significant pay increase. They accepted that teachers' workloads had increased and that such an increase was an essential component in remedying teacher recruitment and retention difficulties. Pay increases for teachers were a pay increase for all kindergarten teachers, via their union, the NZEI. Government funding increases were little short of revolutionary in comparison to previous years and the government had committed to increasing funding by up to 12.5%. A kindergarten of 45 children per session had the possibility of increasing their annual grant by up to $15,660 (English, 1996) and to lobby for increased session maximum and access the $2.9725 rate. If associations choose to reject the new package they could remain the 320 session limit. The flexibility in the sessions they offered (Evening Post 24.7.1996), the package included the lifting of the limit on the 320 session funding restriction and increasing the limit to 360 sessions per year. The rate of the funding would be $2.90 per child per hour. The NZFAA Annual Conference Press statements from the Minister's office had details on an "improved" funding package were announced on the 27th July 1996. Meanwhile teachers, parents, association and union representatives continued to voice their disapproval of the 1995 and 1996 Budget provisions and to lobby for increased funding. Pay increases for teachers were a pay increase for all kindergarten teachers, via their union, the NZEI. Government funding increases were little short of revolutionary in comparison to previous years and the government had committed to increasing funding by up to 12.5%. A kindergarten of 45 children per session had the possibility of increasing their annual grant by up to $15,660 (English, 1996) and to lobby for increased session maximum and access the $2.9725 rate. If associations choose to reject the new package they could remain the 320 session limit. The flexibility in the sessions they offered (Evening Post 24.7.1996), the package included the lifting of the limit on the 320 session funding restriction and increasing the limit to 360 sessions per year. The rate of the funding would be $2.90 per child per hour. The NZFAA Annual Conference Press statements from the Minister's office had details on an "improved" funding package were announced on the 27th July 1996.
A third revised funding package

On the 30th September 1996, a one day strike was held.

The response of association representatives yet again indicated concern. They queried the existence of a finding formula and noted that they had already confirmed user satisfaction with the service. The response was that associations were able to choose whether they wished to change and that the Government was relatively neutral in this matter.

Kindergarten associations were told they could access this revised funding in two ways. The first involved offering sessions for an additional five weeks each year. This would align kindergartens more clearly with other fee charging early childhood services rather than with the school sector, with which it was currently aligned. It would also significantly alter the conditions of work of kindergarten teachers.

The second option would involve offering funded child-contact sessions on one of the twice weekly non-child-contact sessions that kindergarten teachers currently worked.

The findings of the research studies on kindergarten bulk finding had indicated that there had already been a significant increase in the workload of kindergarten teachers. The research studies on kindergarten bulk finding had highlighted the need for a more significant increase in the workload of kindergarten teachers. The kindergarten sector was already under a significant increase in the workload of kindergarten teachers, with which it was currently aligned. It

In this matter, the response of association representatives indicated concern. They

On the 23rd September, 1996, a third revised funding package for kindergartens was announced. The package bowed to the pressure for an unconditional increase in funding.

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The government would be.
The election it remained uncertain as to what the policy line for the kindergarten
and resulted in a caretaker Government holding power until December 1996. After
under a new electoral system of mixed member proportional representation (MMP).
The general election on 27 October 1996 was the first to be held in New Zealand.

The basis of this shift was the New Right ideology. The idea of the same level. This view matches well with the beliefs of Treasury
kindergartens in particular is not a lack of money but an ideological shift which
packages. What has been evidenced in the early childhood sector and for
early childhood services relied on the premise that all early childhood services should be
children's services. They focus on the premise that all early childhood services should be
and change their operation to match more closely with that of other early

The pressure from Government for kindergartens to charge fees, employ non
redundancy and redeployment provisions were
Senior teachers were removed from the contract and phased out an identical separate

Kindergartens could access funding to a maximum of 360 sessions.

The government and employers could not agree on the insertion of a 320 session cap
in the collective employment contract. Government policy continued to be that

and awarded a strike package for the 8th October, 1996.
settlement of the kindergarten teachers' employment contract. The move resulted in

The move resulted in the increase in funding being followed by direct government

funding and increased the hourly rate from $2.90 per child per hour to $3.09 per child.

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CONCLUSION

The economic and political climate of the seventies and eighties created a set of circumstances which enabled the Fourth Labour Government to implement a programme of swill and radical reform following New Right ideology. This focussed on economic considerations and entailed more individual responsibility and regulation, governed by the operation of the market. The reforms introduced were tempered by equity considerations which blunted the strongest negative effects of the New Right ideology.

By the time that a National Government came to power in 1990, the New Right ideology was firmly entrenched. The National Government likewise focussed on economic recovery and continued to pursue the doctrines of the New Right within a more general New Right interpretation, the close involvement of the state in the

According to the Treasury, the kindergarten service was not responsive to the needs of the children. The view of the New Zealand Treasury, as espoused in their briefing to incoming governments, was that early childhood education represented a private good and that parents should therefore pay for the service. The sessional basis, they argued, was an unnecessary expense. The view of the National Government was that the kindergarten service was not responsive to the needs of the children. The early childhood sector achieved increased support and recognition under the

When the National Government came to power, however, there was a change in the philosophy underlying early childhood policy. The view of the New Zealand Treasury was that early childhood education represented a private good and that parents should therefore pay for the service. The sessional basis, they argued, was an unnecessary expense. The view of the National Government was that the kindergarten service was not responsive to the needs of the children. The early childhood sector achieved increased support and recognition under the

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The economic and political climate of the seventies and eighties created a set of circumstances which enabled the Fourth Labour Government to implement a programme of swill and radical reform following New Right ideology. This focussed on economic considerations and entailed more individual responsibility and regulation, governed by the operation of the market. The reforms introduced were tempered by equity considerations which blunted the strongest negative effects of the New Right ideology.
Competition would ensure that it responded to the needs of parents.

The early childhood sector was ripe for the imposition of this ideology. As a non-compulsory sector which already had a significant number of private and alternative providers, state withdrawal was perceived by New Right advocates to be considerably less problematic than it would have been in other sectors.

Kindergartens, "the flagship of Government support for the sector" (Wylie, 1992), were obvious targets for state withdrawal.

Kindergartens, the flagship of Government support for the sector, have been subjected to pressure to change the funding model. The situation remains one in which New Right advocates continue to lobby for minimal state input and, eventually, privatisation of the sector.

POSTSCRIPT

In the period following the writing of this paper a further chapter has been opened in the story of kindergartens in Aotearoa - New Zealand. On 29 April 1997 the Government moved under urgency a bill to amend the State Sector Act which removed kindergarten teachers from the State Sector. The passing of the amendment has opened a further chapter in the history of kindergartens in New Zealand.
REFERENCES


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