

2025 Early Childhood Education Funding Review Ministerial Advisory Group

Overview of Kindergarten sector

Proactively Released

Kindergartens

Kindergartens are defined for funding purposes in the ECE Funding Handbook ('the Handbook') as teacher-led centre-based services controlled by a kindergarten association.

The Handbook goes on to define a kindergarten association as a service provider that controls one or more kindergartens formerly recognised under the Kindergarten Regulations 1959, or that has formed from a free kindergarten association or associations that controlled kindergartens recognised under these Regulations.

The kindergarten association acts as the service provider with Ministry funding paid directly to the association. They are regarded as community-based services in the Handbook as all associations are not-for profit organisation types.

Besides operating kindergartens, three associations also operate education and care services, another two operate home-based services and one association runs a hospital-based service.¹

Representation

There are two peak bodies, which represent most of the 27 kindergarten associations: New Zealand Kindergartens and Kindergartens Aotearoa. These organisations, as well as Auckland Kindergarten Association, are members of the Ministry of Education's Early Childhood Advisory Committee (ECAC). Annex 1 provides peak body affiliation details for kindergarten associations.

Legislative, regulatory and funding definitions and requirements

Kindergartens come under the definition of an early childhood service in the Education and Training Act 2020 (the Act). The Act also includes definitions of free kindergartens and free kindergarten associations. In the past, kindergartens were not able to charge fees by law and so were known as 'free' kindergartens. This requirement was removed when the Education Act 1989 came into force. The definitions of free kindergarten and association in the Act are primarily used to determine coverage of the Kindergarten Teachers, Head Teachers and Senior Teachers' Collective Agreement (KTCA), rather than funding arrangements.

Kindergartens must meet the requirements of licensed early childhood services as set out in the Education (Early Childhood Services) Regulations 2008 (the Regulations). They are licensed according to the criteria for centre-based ECE services.

Kindergarten provision in New Zealand

¹ These services are funded according to the education and care service type rates rather than kindergarten rates. These services are not covered under the terms of the KTCA .

Kindergartens were first established in the late 1800s and were initially funded via charity to educate children from disadvantaged backgrounds. Government funding of kindergartens began in 1904, on a per child basis.

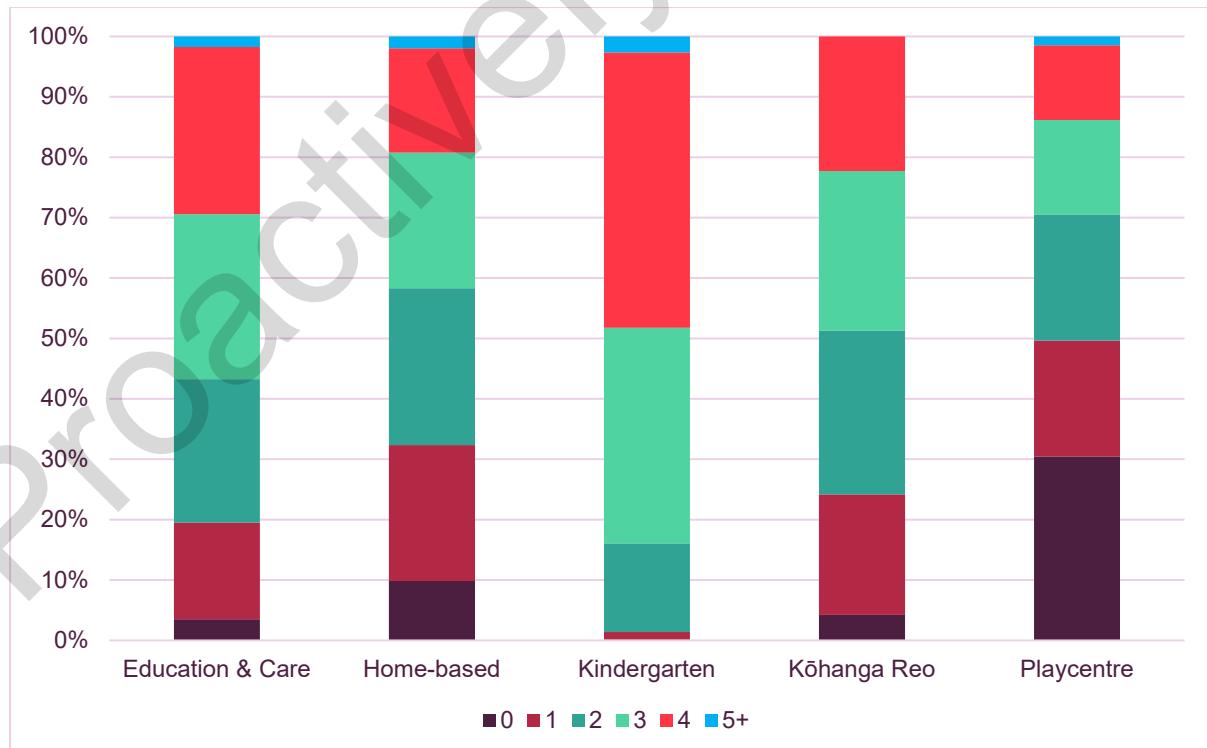
There are 674 kindergartens currently operating in New Zealand, with 27,565 children attending an average of 18.4 hours per week according to the 2024 ECE Census.

Kindergartens are a relatively small part of the sector – they make up around 15% of licensed services in New Zealand, and around 13% of funded child hours. By comparison, education and care services deliver the majority of ECE provision, making up around 60% of services and around 75% of funded child hours.

Kindergartens often have shorter opening hours (six hours a day or less) compared to most education and care services. These opening hours typically mirror school opening hours. Some only open during school terms.

A traditional feature of kindergartens is their focus on older children. Currently, only 53 kindergartens (about 8 percent) are licensed for children under two years old. Among these services, the average number of licensed places for under 2s is 12. The majority of kindergartens cater for older children only, with most children in kindergarten aged 3 and 4 years old. In comparison, other teacher-led and whānau-based service types have a more even distribution of ages (as shown in Figure 1 below).

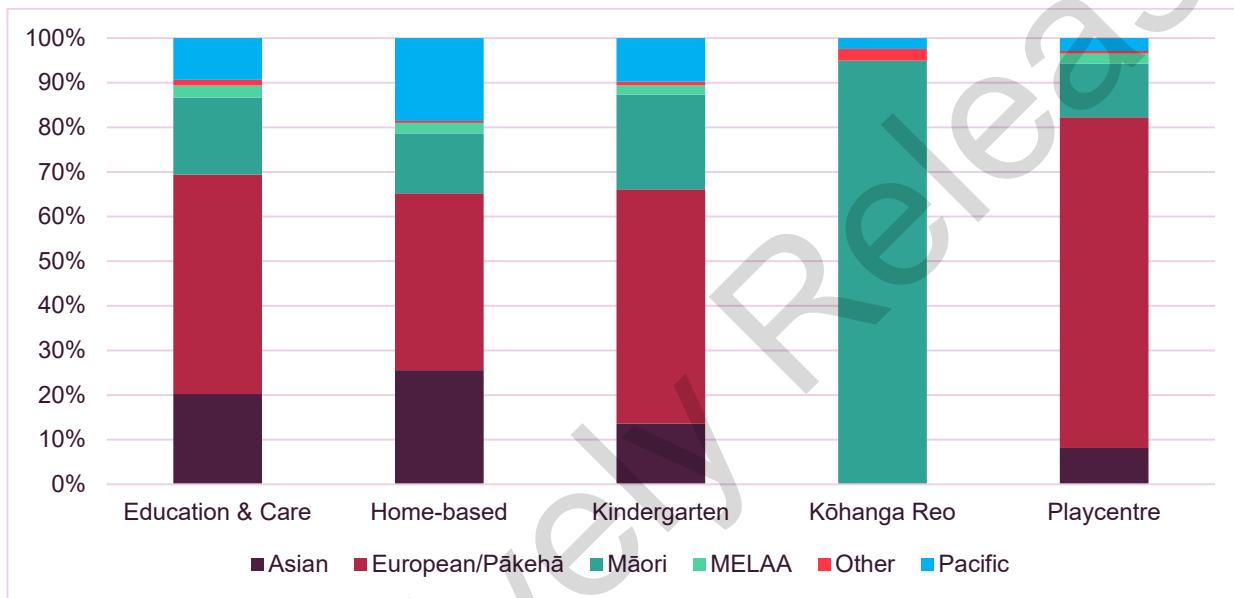
Figure 1: Age profile of children attending licensed ECE services, as at the 2024 ECE census



The number of 2-year-olds attending kindergartens increased from 2146 in 2014 to 4050 in 2024. When viewed against totals for each year, this represents a shift from 6.7% of children enrolled in kindergartens to 14.7%. Although no formal analysis has been undertaken on this trend, the Ministry understands that the increase in younger children attending may be linked to a move towards more long-day care options for 3 and 4 year olds to cater for parents' work patterns. Kindergartens then offer places to younger children to maintain their rolls.

Figure 2 shows the ethnicity profile of children attending kindergarten, compared to other service types² – showing a similar pattern to other teacher-led services.

Figure 2: Ethnicity profile of children attending licensed ECE services in New Zealand³



Cost of attending kindergarten

Kindergartens are generally regarded as lower cost for parents and caregivers compared to education and care services. In part, low fees arise because kindergartens seek to retain an element of the 'free kindergarten' ethos. Also, there are limits on charging fees due to the high proportion of children attracting 20 Hours ECE and shorter opening hours which fit within the six hour per day limit for 20 Hours ECE per day. Fees and enrolment requirements vary by association, but may include features such as:

- Offering 20 hours of free provision to 2-year-olds.

² MELAA stands for Middle Eastern/Latin American/African.

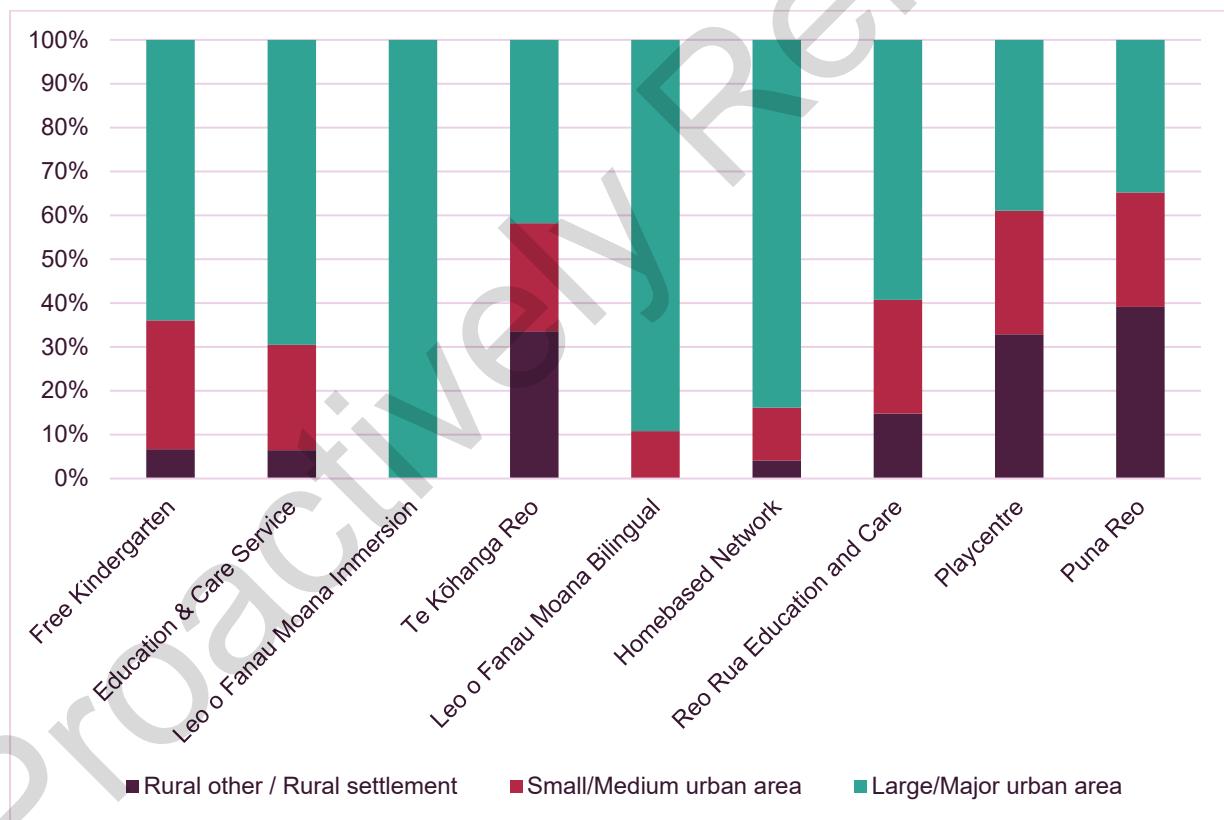
³ Ethnicity is collected on a total ethnicity basis. This means that if a child is reported as both Māori and European/Pākehā, they are counted once under each reported ethnicity. A child may have up to three ethnicities recorded. Because of this, the total number of ethnicities reported will be higher than the unique count of children attending licensed services.

- Offering fees-free hours over and above that provided through 20 Hours ECE. Sometimes this offer is provided on the condition that eligible children use their full 20 Hours ECE entitlement at the kindergarten.
- Having minimum enrolment requirements (for example six hours per day, three days per week).
- Charging an hourly fee for non-20 Hours ECE hours, often between \$4 and \$6 per hour.

Network of kindergartens and kindergarten premises

The majority of kindergarten services are in the North Island (74%) which aligns with the proportion of the New Zealand population in the North Island according to the 2023 Usual Census Resident Population Count (76%). Similar to other teacher-led services (with the exception of Puna Reo), the vast majority of kindergartens are located in urban areas, with only 7% of services in rural areas (as displayed in figure 3 below).

Figure 3: location of ECE services by Rural/Urban settlements⁴

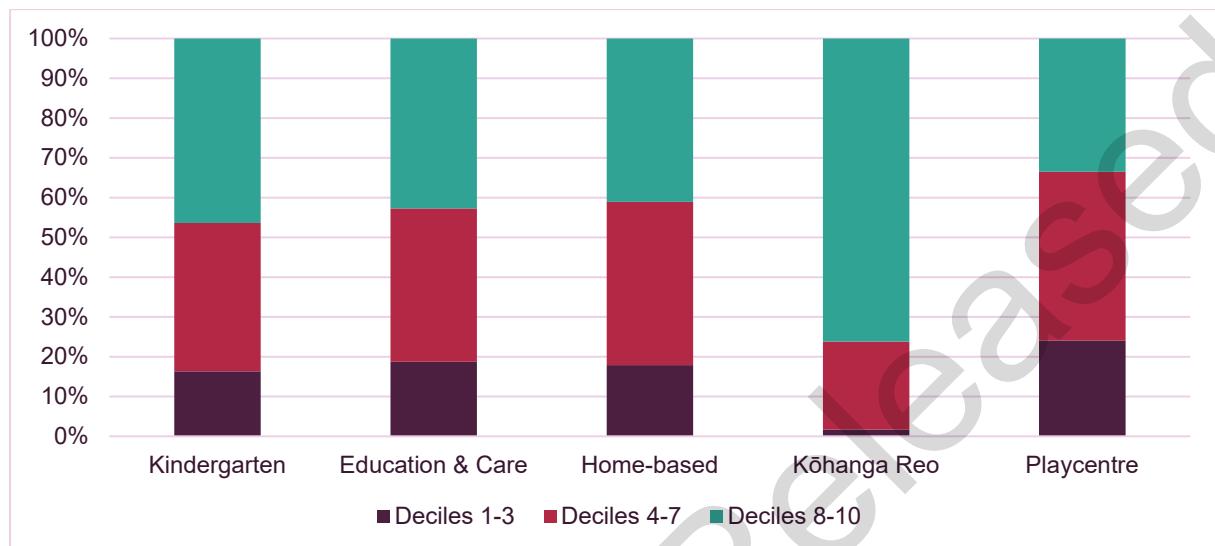


The distribution of kindergartens in lower and higher socio-economic areas – where a score of 10 on the NZDep2018 index of Deprivation indicates the highest level of

⁴ An urban or rural area

deprivation and represents lower socio-economic areas – is broadly similar to that of other teacher-led service types, as shown in Figure 4 below.⁵

Figure 4: Deprivation index distribution of ECE services by service type.



Property arrangements

Kindergartens have a variety of property arrangements for their premises. A key feature of these is that just over 35% of kindergartens (around 250) are on school or other Ministry of Education-owned sites and leased to associations by the Ministry or school boards. This is largely the result of the former Department of Education having made land and buildings available to kindergartens (and other ECE services at times), for a nominal or peppercorn rental on the basis that pre-school education supported later educational outcomes. These low rents remain in place today (typically around \$10 per annum).

The lease arrangements have created complexities for kindergarten associations and the Ministry in relation to buildings on the land. Buildings are often jointly owned by the Ministry and associations. While market rent is not required, responsibility for general maintenance and repair typically lies with associations (a quid pro quo for the minimal rent). Maintenance has not always consistently been carried out.

The Ministry is not funded to replace buildings where general maintenance is no longer sufficient. This can raise questions about whether the Ministry has any obligation to

⁵ The NZDep2018 index combines nine variables from the 2018 census, reflecting eight dimensions of deprivation, and ranks areas in New Zealand into ten deciles based on the distribution of first principal component scores. The eight dimensions are: Communication, income, employment, qualifications, owned home, support, living space, and living condition.

replace these buildings or carry out major repairs in order to maintain provision at these sites.

Kindergarten teacher pay and the link to funding rates

In 1948, following the 1947 Bailey Report, kindergarten teachers were made part of the state sector, with the State taking responsibility for their pay and conditions.

In 1997, the State Sector Act 1988 was altered so the then State Services Commissioner no longer negotiated the collective agreement that covered kindergarten teachers on behalf of kindergarten associations (therefore removing the obligation to fund kindergarten teachers' pay increases). This was subsequently reversed by changes to the State Sector Act in 2000. The Kindergarten Teachers, Head Teachers and Senior Teachers' Collective Agreement (KTCA) is therefore negotiated between the Public Services Commissioner (a responsibility usually delegated to the Secretary for Education) on behalf of the kindergarten associations and the union, New Zealand Educational Institute Te Riu Roa (NZEI Te Riu Roa).

Certificated teachers in kindergartens have historically been paid more on average than their counterparts in education and care services. They have also consistently displayed lower turnover rates than teachers in other parts of the ECE sector. In 2024, the turnover rate for permanently employed certificated teachers in kindergartens was 5 percent, compared to 16 percent for education and care services, and 10 percent for teachers working as home-based co-ordinators.

The Kindergarten Teachers, Head Teachers and Senior Teachers' Collective Agreement

The key reason for the pay disparity between teachers in kindergartens and those in education and care services is that kindergarten teachers are all paid according to the salary scale set out in the Kindergarten Teachers, Head Teachers and Senior Teachers' Collective Agreement (KTCA).⁶

An agreement to implement unified pay between kindergarten teachers and primary teachers was achieved in 2002 and was fully implemented in July 2006. As a result, NZEI Te Riu Roa must be offered any increases to salary rates agreed as part of the Primary Teachers' Collective Agreement that fall during the term of a KTCA. Primary teachers achieved unified pay with secondary teachers in 1998. These provisions expire with the

⁶ **Teacher** means a trained and qualified teacher certificated by the Teaching Council of Aotearoa New Zealand who is employed on teaching duties in a free kindergarten. **Head Teacher** means a trained and qualified teacher certificated by the Teaching Council who is the pedagogical and operational lead of a free kindergarten in addition to undertaking teaching duties, as determined by the employer in agreement with the teacher and in accordance with the teacher's position description. **Senior Teacher** means a trained and qualified teacher certificated by the Teaching Council who provides professional support and guidance and carries out administrative and management roles under delegation from their employer across free kindergartens within or across a Kindergarten Association(s) as determined by the employer in agreement with the teacher and in accordance with the teacher's position description.

term of each collective agreement and must be bargained as part of a settlement each time.

In addition to setting out the salary scales for teachers, the KTCA sets out child contact time maxima and professional (or non-contact) time minima for teachers and Head Teachers, according to the licence type and opening hours of the kindergarten.⁷ Other provisions are also included, such as six weeks annual leave (taken during term breaks or by agreement for those kindergartens that do not operate term breaks) and 15 days of sick leave per year.

The current KTCA expires on 4 April 2026.⁸

The KTCA and education and care service teacher pay

Under the 2005 ECE funding reforms, kindergartens and education and care services received the same all-day or sessional funding rates. Increases in funding to support kindergarten teacher pay were therefore also passed on to education and care services. While initially it was envisaged that the increased funding would flow through to education and care teacher pay, the then Minister of Education clarified that education and care services would only be required to pay teachers at least step one of the Consenting Parties agreement.⁹

In 2011, separate funding rates for education and care services and kindergartens were established. At the same time, the government chose not to flow through the increases in funding required for the KTCA settlement to non-kindergarten funding rates in order to help reduce government spending. With subsequent settlements of the KTCA, kindergarten funding rates began to diverge from education and care funding rates.

The pay parity opt-in scheme, introduced in 2022, raised education and care funding rates significantly, with corresponding increases to pay for teachers employed in these services. However, kindergarten funding rates are still, on average, 8% higher than education and care funding rates.¹⁰ Kindergartens have the highest funding rates out of all the service types.

Kindergarten funding rates

Kindergartens generated 28 million funded child hours in 2022/23, with a corresponding \$339 million in subsidy funding.

⁷ The KTCA enables some employers to schedule up to 15 days of professional time per year when kindergartens are open or closed for instruction, as timetabled by the employer. Most schedule this for when the kindergarten is closed.

⁸ Except as provided for under section 53 of the Employment Relations Act 2000.

⁹ The Consenting Parties agreement was a collective agreement in place at the time, covering a minority of education and care services.

¹⁰ Based on a comparison of current all-day kindergarten and all-day education and care (full parity) funding rates

Kindergarten funding rates are set out in Appendix 1 of the ECE Funding Handbook. Funding is differentiated by:

- Certificated teacher funding band
- Whether the service is all day or sessional (in practice all kindergartens are now 'all day')
- Subsidy type (i.e. 20 Hours ECE and the ECE Subsidy)
- Age of child

Kindergartens generally operate with a high proportion of certificated teachers. According to the 2024 ECE Census, around 92% of kindergarten teaching staff were registered. This compares with 67% for education and care services.

Accordingly, kindergartens generally have a higher proportion of services on the higher certificated teacher funding bands, as shown in table 1.

Table 1: Number of services in each certificated funding rate for kindergartens and education and care services, as at the 2024 ECE Census.

Funding rate	Kindergartens		Education and care services	
	Number of services	Proportion of services	Number of services	Proportion of services
25-49%	-	0%	1	0%
50-79%	1	0%	88	3%
80-99%	165	25%	1,937	74%
100%	501	75%	578	22%
Total	667	100%	2,604	100%

Key issues raised by kindergarten representatives

Various kindergarten sector representatives have at times raised concerns regarding ECE funding. These include:

- A view that current kindergarten funding rates are insufficient to meet the requirements set out in the KTCA. This includes that funding calculations fail to consider the varying levels of average teacher pay step between kindergarten associations.
- That the system is overly complicated and lacks transparency. This includes concerns regarding absence rules.
- That kindergartens serving vulnerable communities can be subject to large funding reductions due to the application of absence rules, which put the

additional services that are often offered in these kindergartens (such as food or transport) at risk.

- That kindergartens in rural or remote areas struggle to access kaiako in both permanent and relieving roles.
- That the system does not support quality outcomes.
- That the funding band for 100% certificated teaching teams should be retained.
- That the payroll function for teacher pay should be re-centralised (kindergarten teachers were paid centrally prior to 1990)
- That Crown land should be made available, rent free, to community-based services.
- That there is insufficient Crown funding directed towards property maintenance.
- That there is a lack of capital funding and support for the establishment of new kindergartens in communities where there is population growth.

Annex 1: Kindergarten associations and peak body affiliation

Peak body	Kindergarten Association	Number of kindergartens
New Zealand Kindergartens	Ashburton Kindergarten Association	5
	Central Kids Kindergarten Trust	47
	Dannevirke Kindergarten Association	2
	Dunedin Kindergarten Association	24
	Geraldine District Free Kindergarten Association	1
	Heretaunga Free Kindergarten Association	16
	Hutt City Kindergartens Association	22
	Marlborough Kindergarten Association	8
	Napier Free Kindergarten Association Incorporated	16
	Nelson District Free Kindergarten Association	21
	Northland Kindergarten Association	25
	Oamaru Free Kindergarten Association	5
	Ruahine Kindergarten Association	25
	Southland Free Kindergarten Association	24
	South Canterbury Free Kindergarten Association	13
	Te Aroha Free Kindergarten Association	3
	Waikato Kindergarten Association	29
	Waimate Free Kindergarten Association Incorporated	2
	Westport Kindergarten Association	1
Kindergartens Aotearoa	Northern Auckland Free Kindergarten Association Incorporated (Kaitiaki Kindergartens)	14
	Tauranga Regional Free Kindergarten Association Incorporated (Inspired Kindergartens)	25

	Taranaki Free Kindergarten Association Incorporated	24
	Napier Free Kindergarten Association Incorporated	16
	He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated	111
	Canterbury Westland Kindergarten Association Incorporated (Kidsfirst Kindergartens)	64
No known affiliation	Auckland Kindergarten Association	108
	Counties Manukau Kindergarten Association Incorporated	28
	Gisborne Free Kindergarten Association Incorporated	11