



## Education Report: Targeted Assistance for Participation (TAP) Funding: Advice on future direction

<b>To:</b>	Hon Chris Hipkins, Minister of Education		
<b>Date:</b>	3 December 2021	<b>Priority:</b>	Low
<b>Security Level:</b>	In Confidence	<b>METIS No:</b>	1275756
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<b>Messaging seen by Communications team:</b>	No	<b>Round Robin:</b>	No

### Purpose of Report

This report responds to your request for advice on the future directions for Targeted Assistance for Participation (TAP) funding.

### Recommended Actions

The Ministry of Education recommends you:

- a **note** TAP criteria has not changed since 2010

**Noted**

- b **note** families face complex barriers to participation in early learning that are not in scope of the TAP criteria

**Noted**

- c **agree** the Ministry explore new TAP funding criteria to better meet today's environment and ensure alignment with the new network management framework

**Agree / Disagree**

- d **agree** that the Ministry of Education release this briefing in full once it has been considered by you. Information that may need to be withheld, will be done so in line with the provisions of the Official Information Act 1982.

**Agree / Disagree**

Sean Teddy  
**Deputy Secretary**  
**Te Pae Aronui**

3/12/21



Hon Chris Hipkins

**Minister of Education**

23 / 12 / 21

## Background

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- 1 The Targeted Assistance for Participation (TAP) initiative was established in 2010 to increase the supply of child places in early learning services. TAP is part of a broader set of participation initiatives, targeted at Māori, Pacific and low socio-economic communities.
- 2 TAP is a property assistance grant, contributing to the cost of building new early learning services or the expansion of existing services. TAP is split into two programmes:
  - a. 'TAP 2' provides funding of up to \$12,000 per child place, or 50% of total project costs, whichever is lesser. The annual appropriation is \$6.7m.
  - b. 'TAP 3' provides funding of up to \$100,000 per project. The annual appropriation is \$2.5m.
- 3 Since its inception, TAP funding has contributed \$120 million to 287 early learning services, creating an estimated 10,880 additional child places. This includes \$30 million to the Kōhanga Reo National Trust, creating 2,039 additional child places

## Decline in TAP applications

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- 4 The Ministry usually seeks TAP 2 funding applications via the Government Electronic Transaction System (GETS). The number of respondents has been decreasing. In the 2018/2019 funding round we only received eight applications. Analysis identified two emergent themes:
  - a. For metropolitan areas, the TAP funding rates had not kept pace with construction and land inflation.
  - b. An oversupply of early learning services, particularly in Auckland.
- 5 In response to the decline, the Ministry shifted the emphasis to rural areas. Although there was interest, interested applicants often did not have the financial backing to satisfy the 50% financial commitment criteria. In the 2019/20 funding round, we issued just four TAP 2 funding grants.
- 6 As a consequence, TAP underspends have been recorded in the past three financial years.

## Current environment and demand for participation support

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- 7 TAP funding is an important mechanism and will support Action 5.2 of the Early Learning Action Plan: Identify options to address supply of early learning services in under-served communities.
- 8 The rationale for TAP funding remains valid today. Māori and Pacific children and children from low socio-economic status backgrounds participate in ECE at persistently lower rates than other populations. The prior participation rate for Māori and Pacific children, is 94.2% and 92.5% respectively. Compared with 98.2% for European/Pākehā children. Also, the total prior participation rate for decile 1 areas is 91% compared with 99% in decile ten areas.

- 9 TAP funding is intended to support children in low socio-economic communities. However, often services in these communities receive zero or small levels of parent fees, largely relying on ECE funding subsidies. Many of these services are unable to build up sufficient financial reserves to meet the 50% financial commitment criteria.
- 10 Furthermore, TAP only supports property costs. However, once a service is built, new services in low socio-economic communities often struggle to remain open.
- 11 There are also social, health and financial barriers to participation. Some of these barriers are addressed through other participation programmes; HIPPIY, Engaging Priority Families, Poipoia te Mokopuna and Demand Stimulation. However, new barriers have emerged since the participation funding was established in 2010.
- 12 Furthermore, Objective 5.1 of the Early Learning Action Plan requires the Ministry of Education to implement a new network management framework to manage the number of new early learning services. This new framework requires approval from the Minister before an early learning service can apply to be licensed.
- 13 In response to the upcoming network management framework, the criteria and processes for awarding TAP funding will need to be reconsidered. To ensure alignment with the new framework and consistent management of the network.

#### Potential future directions for TAP funding

- 14 Uncertainty associated with COVID-19 will likely further decrease any significant interest in TAP in 2022. The new year provides an opportunity to explore the future direction of TAP funding. Options include:
  - a. amend the TAP funding criteria to ensure it is fit for purpose in today's market and aligns with the new network management framework
  - b. repurpose a portion of TAP funding to support the sustainability of new TAP funded services
  - c. repurpose a portion of TAP funding to support other existing early childhood participation initiatives
  - d. repurpose a portion of TAP funding to support new early learning participation initiatives to address emerging barriers to participation.
- 15 We seek your agreement to explore and report back in the new year on how TAP funding could better meet today's early learning environment.

#### Proactive release

- 16 Agree that the Ministry of Education release this briefing in full once it has been considered by you. Information that may need to be withheld, will be done so in line with the provisions of the Official Information Act 1982.