



## Briefing Note: Second-Tier Briefing – Early Childhood Overview

<b>To:</b>	Hon Jan Tinetti, Minister of Education		
<b>Date:</b>	8 February 2023	<b>Priority:</b>	Medium
<b>Security Level:</b>	Budget sensitive	<b>METIS No:</b>	1303922
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### Purpose of Report

This briefing note and the appended slides supplement the information on early childhood education in the Briefing to the Incoming Minister. It provides an overview of:

- current challenges and key considerations from the perspectives of the Ministry and the sector
- initial Ministry advice on key pieces of work planned or underway.

### Proactive Release

- a **agree** that the Ministry of Education release this briefing once it has been considered by you, with any information needing to be withheld done so in accordance with the provisions of the Official Information Act 1982

**Agree / Disagree.**



John Brooker  
Group Manager

Hon Jan Tinetti  
Minister of Education

08/02/2023

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Proactively Released

# State of the early childhood sector: Challenges and considerations

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## Equity is an ongoing challenge

Children from low socio-economic backgrounds tend to benefit most from quality ECE. A focus on equity is important when considering policy change.

Māori and Pacific families are overrepresented in low SES communities. ECE enrolments from Māori and Pacific children have declined to a greater extent than total enrolments.

ERO is concerned that Māori children and children of Pacific heritage are more likely to be in poor quality services.

Total population

**181,473**

an **7%** decrease from 2021 enrolments; compared to a 0.4% decrease in population.

Mokopuna Maori

**43,451**

an **8%** decrease from 2021 enrolments; compared to a 0.7% increase in population.

Pacific Children

**13,270**

a **10%** decrease from 2021 enrolments; compared to a 0.9% increase in population.

## Quality of curriculum delivery is variable

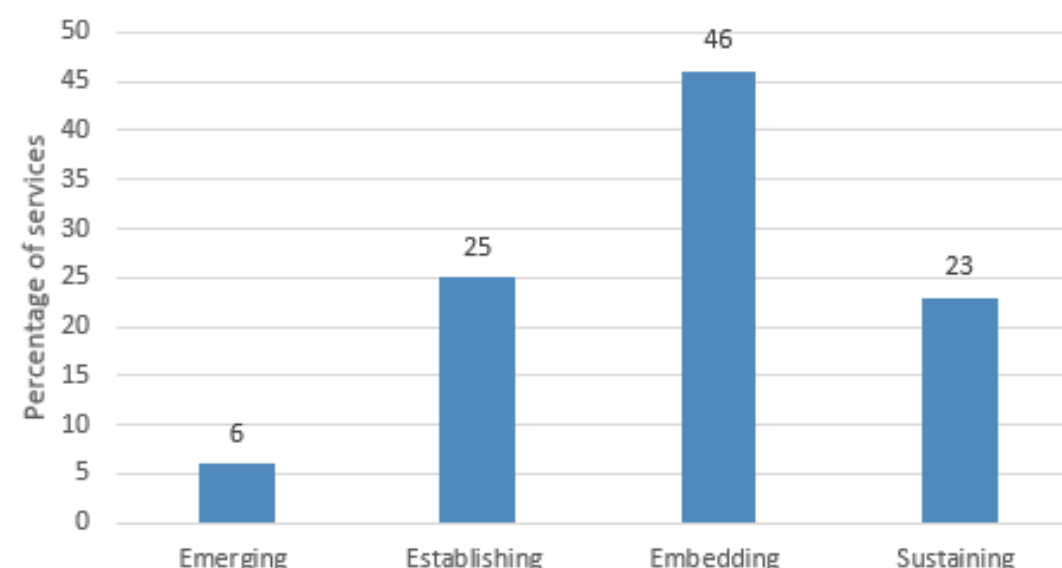
Baseline ERO quality evaluation reports show a range of overall quality ratings across the sector.

We have work underway to support curriculum implementation:

- Public consultation on **gazetting the Te Whāriki** ended in August 2022 and the framework is currently pending gazetting. Implementation will be completed by July 2023 (ELAP Action 4.1).
- Kōwhiri Whakapae | Practice and Progress Tools** are being developed (ELAP Action 4.2).

Much of the Early Learning Action Plan is focused on improving structures that support quality – ie increasing proportions of qualified teachers, improving teacher pay, improving ratios. Structural changes do not guarantee quality curriculum implementation. Other levers could be explored to improve curriculum implementation.

ERO's Quality Evaluation findings 2021/22



# State of the early childhood sector: sector concerns

The themes below reflect the Ministry's understanding of the sector's view of challenges they are facing

## Teacher supply, particularly in education & care services

The sector tells us teacher supply is tight, but we have limited data to verify this.

Increased recruitment of overseas teachers is underway to help address short term needs. As at 3 February, visas had been approved for 365 ECE teachers under the Accredited Employer Work Visa scheme, and a further 59 are in progress.

Data on first time enrolments in initial teacher education (ITE) at August each year shows that ECE ITE enrolments declined between 2021 and 2022 – from 1,580 in 2021 to 1,290 in 2022.

Addressing teacher pay will improve teacher supply in the long term.

## Funding adequacy

The adequacy of govt funding is an ongoing theme raised by the sector. This view is sometimes linked to variable inflation adjustments to ECE subsidies over the last 15 years, especially between 2009-17, as well as to a reluctance to share the costs of provision between government and parents, as intended by the funding system.

The adequacy of pay parity funding rates is also commonly raised, and is discussed later in this slide pack.

Many in the sector also advocate for key aspects of the funding system to change to provide additional government revenue, mainly:

- Changing the daily cap on Funded Child Hours to better match typical daily attendance hours
- Extending 20 Hours ECE to 2 year olds
- More generous absence rule settings. Unlike schools, ECE services are funded on a mix of enrolment and attendance. Absence rules place limits on how long services can be funded for enrolled children who do not attend.

## Ratios and group size

Research indicates that adult:child ratios and smaller group sizes promote consistent and positive interactions between adults and children in ECE settings.

The sector tells us that regulated adult-to-child ratios are insufficient for children aged two and under.

Group size is the ECE equivalent of class size. It is not currently regulated in NZ. The lack of regulation in this area is a concern raised by teachers and some early childhood advocacy groups, as is the timeframe for regulating for improved ratios.

Current work in this area is discussed later in this slide pack.

## Regulatory compliance

The general level of regulatory and administrative burden, from the Ministry and wider government agencies, is an issue raised by sector groups. It is unclear how much of this relates to the Ministry's early childhood regulations and licensing criteria, and how much relates to the wider regulatory framework that services must comply with e.g. workplace health and safety, food safety regulations.

There is strong sector interest in a review of the regulatory framework and re-write of the regulations that has been signalled for Tranche 3 of the Early Learning Regulatory Review.

Teachers also raise as an issue the amount of paperwork associated with curriculum implementation and meeting the Teaching Council's standards.

# The Government has an ambitious and important work programme

## ***He Taonga te Tamaiti: Early Learning Action Plan 2019-2029 (ELAP)* drives much of the Ministry's early learning work**

- The ELAP is ambitious – it has 25 actions, many of which are multi-faceted and interdependent to achieve its 3 goals of improving choice, equity and quality.
- The sector strongly supports many ELAP elements but, to date, implementation has received mixed feedback. This is due to sector diversity and the changing environment – ELAP was published pre-COVID and issues such as workforce and affordability were not as evident as they are now. Funding issues are a priority for the sector, but are not easily resolved.
- Some in the sector have expressed frustration with the pace of ELAP implementation and have sought to have ELAP actions expedited despite the pressure this puts on the sector as it recovers from dealing with COVID and the clear signalling that the ELAP covers a ten-year span.

**You may wish to revisit sequencing and approach to major items in the work programme** given the sector's ability to absorb change and the PM's direction to consider reprioritising of existing programmes.

The following slides outline our advice on major items now underway or planned. In summary:

- Reshaping the funding system to fully implement pay parity is a high priority. 9(2)(f)(iv)

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- Improving equity-focused funding is important, 9(2)(f)(iv)

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- Network management went live on 1 February. We are now turning our attention to options to address supply in under-served communities

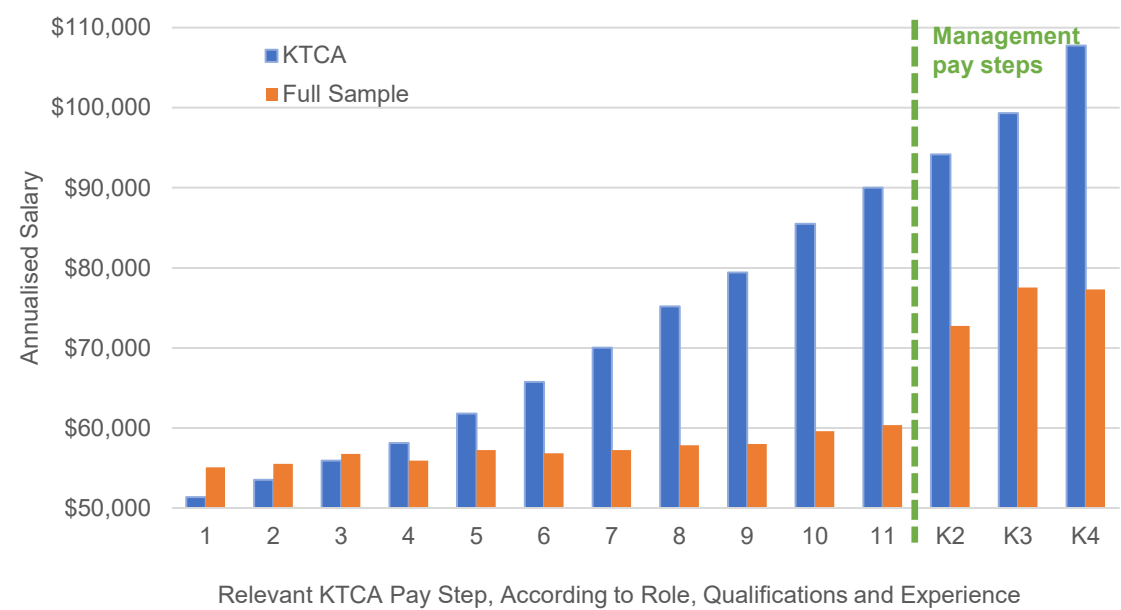
# The Pay Parity Funding Review is a high priority

**ELAP Objective 3:** Teaching staff and leaders are well qualified, diverse, culturally competent and valued.  
**ELAP Action 3.4:** Implement a mechanism that improves the levels and consistency of teachers’ salaries and conditions across the early learning sector

## Pay parity provides fairness to teachers and supports recruitment and retention

Pay parity (PP) is where certificated education and care (E&C) service teachers receive the same pay as identically qualified and experienced kindergarten teachers based on the kindergarten teachers’ collective agreement. Kindergarten teachers have historically been better paid than E&C teachers.

The graph below shows the average salaries of E&C teachers in October 2021, before the B21 and B22 pay parity initiatives were implemented



## Implementing PP under the current funding system is not our preferred approach

Government has been seeking to make progress on pay parity through the existing system. This has involved offering higher than usual ‘parity’ funding rates. Services can opt in to parity rates if they pay teachers designated steps on the kindergarten collective agreement. Two sets of parity rates now exist with different pay step requirements for each. The rates are based on the total E&C sector funding estimated to bridge the pay gap for the pay steps required.

This funding approach does not respond to differences in average salary cost experienced by each service. Some services cannot afford to opt in. Increasing funding rates can resolve this but is extremely costly. This disconnect between the current funding system and achieving pay parity is one of the reasons for strong sector push back on pay parity progress thus far.

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## Reshaping the funding system to deliver pay parity

Since last year, the Ministry has undertaken a funding review to develop a different funding approach which would better allocate funding for services’ PP requirements. 9(2)(f)(iv)

Given the shortcomings of the existing funding system, we consider the work on the new funding approach should continue as a high priority.

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# Consultation on regulating for 80% certificated teachers

**ELAP Objective 3:** Teaching staff and leaders are well qualified, diverse, culturally competent and valued.  
**ELAP Action 3.1:** Incentivise for 100% and regulate for 80% qualified teachers in teacher-led centres, leading to regulation for 100%

## Overview

Well-qualified teachers can contribute to improved child outcomes.

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Regulating for 80% will ensure a minimum presence of ECE teachers in contact with children when they are attending teacher-led centres. It is a big change from current settings. Currently services are required to employ 50% ECE teachers, but there is no requirement for them to be in ratio.

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The sector is supportive of the concept of regulating for 80% certificated teachers, but the ability to implement is dependent on teacher supply, which is a current concern for the sector.

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# Improving equity-focused funding is important, but there are risks to the current implementation timeframe

**ELAP Objective 2:** All children are able to participate in quality early learning and have the support they need to learn and thrive.  
**ELAP Action 2.1:** Review equity and targeted funding to ensure they best support children to benefit from access to high quality early learning experiences.

## Overview

The Ministry is looking to develop an Integrated Data Infrastructure (IDI)-based equity index to better target equity-focused funding streams. This is the ECE equivalent to replacing school deciles with an IDI-based equity index.

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## Better targeting funding for low SES is important

ECE services that receive equity focused funding use it to increase access for families (eg by reducing fees, providing transport, providing food) and improving quality (eg enrichment activities, more staff). The majority of ECE equity-focused funding is allocated based on Census 2006 information.

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**ELAP Objective 1:** Children and whānau experience environments which promote their wellbeing and support identity, language and culture.  
**ELAP Action 1.1:** Improve the ratios of adults to children under the age of 3 years in teacher-led centre-based early learning services.

**Adequate adult:child ratios promote consistent and responsive care**

Improved ratios are expected to promote positive social and emotional experiences for children, facilitate consistent and responsive care, and improve staff working conditions.

The ELAP proposes regulated adult:child ratios of 1:4 for children under 2, and 1:5 for 2-year-olds in centre-based services. Improving ratios for children under 2 is a key issue for the sector.

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**Improving ratios would require substantial investment and would place pressure on teacher supply**

Improving ratios requires additional staff, and is therefore dependent on teacher supply. It is also expensive, particularly the improvement to ratios for 2 year olds, which effectively halves the number of children per adult.

Initial estimates indicate that improving ratios (across both age groups) would require a 10-12% increase in the workforce – approximately 2,300 additional full-time equivalent teaching staff. These estimates assume that all teacher-led centre-based services are operating at minimum ratios, which is unlikely to be the case – many in the sector tell us they operate at substantially better ratios than the minimum. We do not have good data to discern the actual adult:child ratios within services – for example, the average under 2 ratios calculated from the ECE Census only looks at services for children under 2 (ie excludes services with a mix of under 2s and 2+), which is a total of approximately 30 services. We are currently developing a more robust adult:child ratio measure.

Work on improving ratios is complex – the Ministry lacks robust data on current ratios within centres, and it intersects with changes to qualified teacher requirements and the funding system to enable pay parity.

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# Network management is now in effect

**ELAP Objective 5:** Early learning services are part of a planned and coherent education ecosystem that is supported, accountable and sustainable.  
**ELAP Action 5.1:** Introduce a managed network approach to ensure high-quality, diverse and sustainable early learning provision.

## Overview

From 1 February 2023, anyone wanting to establish a new licensed early learning service needs to first apply for and be granted network approval by the Minister of Education.

Network management will build our understanding of the network and support a quality and diverse network. Assessing where services are needed and what type of provision meets the needs of communities is complex.

We are progressing two changes to the Education (Early Childhood Services) Regulations to support implementation of network management. Public consultation on these proposed changes runs until 24 February.

## We are starting work on the supply of early learning services in under-served communities

To support a more active network management function in areas of greatest need, MOE is commencing work on ELAP 5.2: identify options to address supply of early learning services in under-served communities.

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