



Briefing Note: Cabinet paper for lodging and talking points - policy approvals for early childhood network management

To:	Hon Chris Hipkins, Minister of Education		
Date:	9 November 2021	Priority:	High
Security Level:	In Confidence	METIS No:	1276598
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Messaging seen by Communications team:	No	Round Robin:	No

Purpose of Report

This paper provides you with a Cabinet paper on network management policy proposals updated to take into account agency feedback. To meet timeframes for legislative proposals to be introduced this year, this Cabinet paper needs to be lodged on Thursday 11 November.

This paper also provides talking points for Cabinet Social Wellbeing Committee on Wednesday 17 November 2022.


Recommendations

- a **lodge** the attached Cabinet paper by Thursday 11 November
- b **agree** that the Ministry of Education release this briefing once Cabinet has considered the proposals with any information that may need to be withheld done so in accordance with the Official Information Act 1989.

Release / Not release.


John Brooker
Group Mangaer
Te Puna Kaupapahere

09/11/2021


Hon Chris Hipkins
Minister of Education

13/11/2021

Consultation with other agencies

- 1 On Wednesday 20 October, we provided you with a draft Cabinet paper seeking policy approvals for final policy settings for early childhood network management [METIS 1273665 refers].
- 2 We consulted with other government agencies from 27 October 2021 to 3 November 2021. Agencies were largely supportive of our proposals but we made some adjustments to the paper in line with feedback:
 - a. we added additional detail in the population impact sections about other research and reviews underway
 - b. we added a new section on monitoring indicating that the Ministry will monitor the effect of the new function on availability of early learning services and the cost of early learning to parents
 - c. we clarified any terms that were unclear to other officials.
- 3 We did not make any changes to the Cabinet paper that did not relate to the new proposals. For example, we did not add content relating to risks of the network management function overall, as we considered these were out of scope.

Next Steps

- 4 The timeline for seeking approval is outlined below. This timeline does not have room for slippage as it is driven by finalising Act changes before the implementation date of network management on 1 August 2022.

Date	Activity
10 November	Final Cabinet paper, and regulatory impact statement provided to Minister's Office for lodging
11 November	Paper lodged
17 November	SWC
22 November	Cabinet
22 November	Drafting instructions issued for Supplementary Order Paper (SOP)
24 November	Draft Cabinet paper and SOP to Minister for consultation
25–30 November	Agency & Ministerial consultation
1 December	Cabinet paper to Minister to approve for lodging
2 December	Paper lodged
9 December	LEG
13 December	Cabinet
Week of 13 December	SOP referred to Select committee to be considered with Education and Training Amendment Bill (No 2)

Proactively Released

Annex 2: Talking points

Proposal

1. I am seeking Cabinet's agreement to changes required to the Education and Training Act 2020 (the Act) for network management for licensed early childhood services following recent consultation with the early learning sector and other interested parties.
2. I seek approval to issue drafting instructions for a Supplementary Order Paper to include these proposals in the Education and Training Amendment Bill (No 2) while the Bill is before the Education and Workforce Select Committee.

Network management

3. Network management requires prospective services to apply for network management approval before they can apply for a licence. Network management approval will look at the need for an early childhood service as well as the suitability of the proposed new provider.
4. The purpose of network management is to take a more active role in managing the early learning network. As previously discussed with Cabinet, I have concerns about the oversupply of licensed early learning services and the corresponding negative impacts this has on supply in a tight labour market for teachers.
5. The policy for network management was already agreed in the Act when it was passed in 2020 and comes into force on 1 August 2022. I am seeking Cabinet's approval to some final changes to strengthen the network management provisions in the Act.
6. These proposals will support the Government's focus on high quality educational and care outcomes for our youngest learners. These proposals align with the objectives set out in *He taonga te tamaiti: Every child a taonga* – the Early Learning Action Plan 2019-2029.
7. From 8 September to 13 October 2021, I consulted on proposals for network management. The proposed changes were well supported by the early learning sector and by other government agencies.
8. My changes will:
 - 8.1. introduce National and Regional Statements for network management. These statements will outline Government's priorities for network management and provide data and information on current supply, forecast population growth, and the need for licensed early childhood services
 - 8.2. ensure the high-level decision making role of the Minister of Education is clear
 - 8.3. shift the initial administrative assessments of suitability of the applicant to the Secretary for Education and provide for a right of appeal of this assessment
 - 8.4. strengthen the test of applicant suitability, by strengthening the fit and proper assessment by the Secretary for Education, and introducing a new capability assessment by the Minister of Education
 - 8.5. introduce other provisions to provide transparency about the process, such as imposing conditions of approval and specifying when extensions to conditions or approval would be considered

- 8.6. provide for transitional provisions, and consequential amendments to the Education (Early Childhood Services) Regulations 2008.

The timeframe for finalising network management is tight

9. I want to include these proposals in the Education and Training Amendment Bill (No 2) (via a Supplementary Order Paper) which is planned to be introduced into the House in December. I would like the network management proposals to be consulted on as part of the Select Committee consideration of the Bill. I will come back to Cabinet next year to seek policy approval for new regulations.

Monitoring

10. Given this is a new function I am mindful that it will be important to monitor the overall impact of network management, including any unintended impacts. I have asked the Ministry of Education to monitor the effect of the new function on availability of early learning services and the cost of early learning to parents.