Education Report: Advice for Income Support Ministers on improving availability of early childhood education in under-served communities

To:	Hon Chris Hipkins, Minister of Education		
Date:	8 November 2022	**Priority:**	Medium
Security Level:	In confidence	**METIS No:**	1297551
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Purpose of Report

This report provides advice on increasing the provision of early childhood education (ECE) in under-served communities, for discussion at the next Income Support Minister's meeting on 22 November. This advice is focused on increasing the availability of ECE through better targeted property support, complementing other advice focussed on improving affordability, such as the Ministry of Education's advice on ECE subsidies and the Ministry of Social Development's advice on the childcare subsidy.

Summary

At the Income Support Ministers meeting on 5 October 2022, Ministers requested further information about communities that have insufficient provision of early learning services and the negative effect that availability may have on parents' ability to enter the workforce. Ministers commissioned advice on whether the Crown could support provision through building and leasing facilities.

Forecasting supply and demand in the ECE sector is complex. It requires an understanding across many factors, eg whānau choice about service type, such as opening hours or location near home or their place of work, parents not being able to afford fees and services not being able to attract or retain ECE professionals with relevant skill sets.

The Ministry is establishing a network management function that in time will provide the insights into supply and demand.

9(2)(f)(iv)

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Recommended Actions

The Ministry of Education recommends you:

a. **note** this briefing has been shared with Income Support Ministers for discussion at the 22 November meeting

b. **note** that understanding supply and demand drivers for early learning is complex and the data that we hold provides limited insights into unmet demand or where there is insufficient supply

c. 9(2)(f)(iv)

d. **agree** that the Ministry develops timeframes and key deliverables for the work and reports back at the next Income Support Ministers meeting.

Agree / Disagree

e. 9(2)(f)(iv)

Agree / Disagree

f. **agree** this Education Report will not be proactively released as it is Budget sensitive.

Release / Do Not Release

John Brooker
Group Manager
Te Puna Kaupapahere - Policy

08/11/2022

Hon Chris Hipkins
Minister of Education

21 / 11 / 2022

Identifying areas that are under-served

1   New Zealand's early learning sector is a competitive market, with a combination of for-profit and not-for-profit providers. The market determines a lack of supply through identifying a community need and then whether there is sufficient demand to support establishing a financially viable early learning service.

Understanding supply and demand for early learning is complex

2   Where the market has not established a service, there are a number of reasons for this.

- The market has not had sufficient time to respond to population change.
- There are not enough children in communities with a small population base to support a viable business model.
- Communities want a diversity of service type offerings that services cannot provide.
- Communities with a higher proportion of lower socio-economic families that are less able to afford to pay fees and this may also result in intermittent attendance reducing funding.
- The workforce supply pressures facing the sector can be more pronounced in isolated or lower socio-economic areas (for example, the West Coast has children ready to attend and a building but they cannot retain qualified kaiako).
- The workforce supply pressures can also be more pronounced for services delivering a bilingual or immersion service where teachers are required to have additional language and cultural capability.
- Increasing operating costs makes running a viable service more challenging and / or the feasibility of a new service more challenging.
- A lack of management and ownership capability to run a successful and sustainable business.

3   Even where there is some ECE provision, it may not be meeting parents' needs because:

- The provision that is available has fees that make enrolments unaffordable to those receiving income support or on a low-income.
- The cost of accessing the early learning service is a barrier for some families (for example, in Hastings there are a number of services, but accessible or affordable transport is an issue that limits some parents accessing an early learning service).
- There are complex social and health barriers to participation, including families and whānau who are not in a place to engage in education because of these broader social issues or their own poor experience in the education system.
- The provision does not meet parents' needs, particularly to support mothers re-entering the workforce, for example:
    i. it does not cater for non-standard hours (including longer hours, full day care, or weekends[1])
    ii. it does not cater for under two-year-olds
    iii. it does not cater for particular special character (or only special character), including it being parent-led only or culturally responsive services
    iv. it does not cater for children with additional learning support needs.
- The provision is deemed to be of low quality and so parents do not want to enrol their children.

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[1] For example, premises that are used regularly for the education or care cannot be open for any continuous period of more than 7 days

In time, the ECE network management function will help answer key supply and demand questions

4   Network management's objective is to ensure high-quality, diverse, and sustainable early learning provision that meets the needs of communities across New Zealand. It was proposed due to a concern that there is an oversupply of early learning services in some areas, while other communities remain under-served.

5   The Ministry of Education is introducing the network approval process on 1 February 2023. At that point, new services will need to seek approval from the Minster of Education before they can apply for a licence.

6   To support the process, a national statement that sets out the priorities for the ECE network will be gazetted [METIS 1297753 refers]. The strategic priorities (refer Annex 3) describe the types of service offerings that the Government considers to be a priority for ensuring availability within the network of licensed early childhood services. [2]

7   The Ministry is also developing publicly available regional[3] data sheets that will contain high level data covering the number of services in a region, enrolment and licensed place numbers, and population change [METIS 1294786 refers].

8   This network approval process initially will put the onus on applicants to provide supporting data and evidence to demonstrate how their proposed early learning service may address the challenges and barriers set out above, as well as how it aligns with a priority.

9   This is a useful starting point, but the data we have does not give us insights into whether there is unmet demand or insufficient supply. We can use this to undertake further investigation into local need and to conduct further work with regional staff and communities to identify areas of true under provision.

10   By mid-2023 we will create a framework for developing the future network management function. The framework will progressively develop the network management function as both the sector and the Ministry's capability and capacity grow. This will include new ways of using data to support an increasingly sophisticated understanding of the network including emerging and declining needs. It will also include a maturing of the function through incorporating new advisor roles into the process that are specifically responsible for the ECE network.

Broader policy work to understand under-served communities is just commencing

11   The Ministry is commencing work on a related ELAP action (ELAP 5.2). This work aims to *identify options to address supply of early learning services in under-served communities.*

12   This work will build off network approvals and the national priorities identified in the national statement (refer Annex 3). The scope is broad as it will consider a wide range of factors. The options to address supply in under-served communities needs to align with the priority areas set out in the gazetted national statement.

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[2] Further, to support the Government's priority to growing the supply of early childhood services provided in te reo Māori, any newly established Māori medium ECE service is excluded from the requirement to seek network approval before they apply for a licence.
[3] Covering the 10 Education regions.

13   As we develop this advice alongside improved data from the maturing network management function, it will answer key questions about communities that are under-served and the most appropriate interventions and supports for services in these areas.

Other jurisdictions are looking at how to support under-served communities

14   Australia is undertaking a similar work programme and is investing heavily in extending and building new services in under-served areas. The programme is focused on assisting young families who cannot access childcare due to the high cost involved.

15   Australia has commissioned research[4] to analyse services by areas of need based on employment and other socio-economic factors and has given them the basis for the significant investment that they intend to undertake. This type of analysis could form part of the second phase of network management.

16   The New South Wales Government has committed AUD$5b[5] to be used to expand infrastructure in overcrowded centres and establish new centres in childcare deserts (areas where there currently is no early learning service/provision). The programme will start seeking applications from childcare providers from 2023/24, through a competitive process, to help them deliver more accessible and affordable childcare. To specifically address the affordability issue, the NSW government will give subsidies to private childcare providers, with the intention of lowering parent fees. The money will be given to ensure some childcare spots will be set at certain prices.

Supporting property: current initiatives and their limitations

17   As ECEs are owned by either communities, NGOs or private companies, the Government has historically not intervened in property. Any Government intervention has been limited and targeted, particularly through the Targeted Assistance for Participation (TAP) programme. Providers have been responsible for funding property investment, and this is supported through Government funding and parent fees.

TAP is our key lever to support establishing new services in under-served communities

18   The 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, targeting Māori, Pacific and low socio-economic communities.

19   TAP contributes to the cost of building new early learning services or the expansion of existing services. The annual appropriation is approximately $9.2m.

20   Since 2010, TAP has contributed $121 million to 371 early learning services, creating an estimated 10,784 additional child places. This includes $30 million to the Kōhanga Reo National Trust (TKRNT), creating 2,091 additional child places.

21   In recent years, the number of applicants has been decreasing and the appropriation has been underspent (in 2021/22 the underspend was approximately $3m). In the 2021/22 funding round, eight TAP 2 funding grants were issued through the tender process (and a further 10 contracts were awarded to TKRNT separately via direct sourcing).

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[4] Deserts and oases: How accessible is childcare in Australia?
[5] The Victorian Government has set aside $9b over the next ten years.

22 The reasons for the decline are as follows:

- The TAP funding rates have not kept pace with construction and land cost inflation.
- Many services are unable to build up sufficient financial reserves to meet the 50% financial commitment criteria (for example Case Study 1).
- 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.
- Furthermore, TAP only supports property costs. However, once a service is built, new services in low socio-economic communities often find it challenging to remain viable.
- There are also social, health and financial barriers to participation.

23 To respond to these issues, the Ministry provided you with advice on a proposed future direction that would review the funding criteria and ensure it aligns with the new network management function [METIS 1275756 refers]. Reshaping TAP has the potential to help, but we note that the combination of high construction costs even with a realignment of criteria may mean the results are limited, particularly in the short term.

Case Study 1: A new kindergarten build
A Kindergarten was a quality service for predominately Māori whānau in a low socio-economic and rural community. The kindergarten must leave its current premises because the building is being demolished. The proposal is to build a new service on the Ministry land next to the new school build. MOE is currently trying to procure more TAP contribution to this project. The cost of a new build early learning service is significant. TAP currently supports with a maximum of 50% of the cost. This involves significant investment from a service, unachievable for many community services. In addition, we understand Iwi are building a number of homes opposite the new Kindergarten and School site. This will bring additional whānau and demand for ECE provision to the area.

MOE also supports ECE services on school sites

24 There are approximately 680 ECE services located on school sites, with a variety of property and leasing arrangements with ECE providers. The majority of these services are kindergartens (42%), with the remainder Education and Care (25%) Playcentre (25%) and Kohanga Reo (10%). However, the makeup of these service types does not necessarily support working parents as they have limited hours (kindergartens) or parent-led (playcentres).

25 The most common model is where MOE provides land, and in many cases an MOE-owned building, that are surplus to capacity on a school site (for example surplus school classrooms). MOE retains ownership of the land and the building but with the agreement of the school makes the building available for ECE use.

26 In many cases the MOE only charges a nominal or heavily reduced lease cost to the ECE service. As part of that arrangement, the responsibility for ongoing maintenance and refurbishment is with the ECE provider. In practice, however, this has not happened as ECE services have limited funds and can be unwilling to commit capital investment to a building they do not own.

27 To deliver ELAP Action 5.3, where possible, new school sites[6] include sufficient land to accommodate an ECE service on site. The Ministry owns the land, but the ECE service funds and owns the building and is responsible for all ongoing maintenance and refurbishment and insurances. This arrangement may also apply to existing school

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ELAP 5.3 Set aside space for early learning services alongside school sites, where possible.

sites where land is made available, but the ECE service owns and maintains the building. (for example, Case Study 2). This provides an opportunity in areas where there is a declining population, or declining school roll and aligns with the network management priority that will be signalled in the National Statement that ECEs on new school sites will be a priority. We note that we would still need to consider how this would align with the network approval process.

28   If there was no spare capacity on a school site, the Ministry could acquire other land, or use other Crown land in the area. Note that TAP funding could be used by a new ECE service to build on a school site with the approval of the school and the Ministry.

Case Study 2: A new early learning service on a school site
A small region previously had no English medium early learning provision nor did the neighbouring town. There are two Kōhanga Reo in the neighbouring town, but the Playcentre had ceased operating in December 2019. The community requested early learning provision and the school's Board of Trustees requested proposals for service delivery. Following the review of two proposals from early learning providers, a service provider was selected that would provide hours of early learning that would enable whānau to return to the workforce. The school approved the use of a building, where the Playcentre previously operated, located on the grounds of the school for early learning provision. The building required renovations to meet the licensing criteria for centre-based early childhood education services. Some funding to support the renovation to enable early learning places was provided through TAP3. The building renovations are in progress, the service is not yet open.

We are reviewing the models for ECE services on school sites

29   We are currently reviewing the potential options and processes that the Crown could progressively implement that would support providing land and buildings (to support the provision of ECE services) on school sites or external sites.

30   There are 5 key elements to ensuring that property for ECEs is accessible and that the property is affordable and well maintained. These are set out as follows:

1. Ownership of land;
2. Ownership of buildings;
3. Property rental or leasing charges;
4. Maintenance responsibility; and
5. Ongoing funding

31   Table 2 sets out the three broad models that MOE currently uses for ECEs on school sites. The different models encompass different combinations of the ownership and responsibility for the provision of the five key elements. Note that while this is currently focussed on school sites, the models are flexible and could encompass delivery on non-school sites.

32   This has the potential to increase supply, particularly if we consider opportunities that may be available across the school network and not just on new school sites.

Table 2: ECE Property Delivery Models for ECEs on School Sites

Responsibilities for…	ECE Property Delivery Models for ECEs on School Sites		
	Commercial	Semi Commercial	Semi Social
1) Land ownership (either school site or separate)	MOE	MOE	MOE
2) Building ownership (new build or repurposed assets)	ECE	ECE	MOE
3) Ground lease or building rental charge	ECE	Ground rent with sliding scale	Rental charge with sliding scale
4) Maintenance responsibilities	ECE	ECE	MOE
5) Access to depreciation funding for MOE	No	No	Yes

And the implications of a fully subsidised model would require further advice

33   If a decision was made to move further into offering fully subsided leases or rental charges, it would effectively be provided through a variation of the semi-social model (in Table 2), but services would be charged a peppercorn ground lease or building rental charge.

34   A move to a model whereby land and building are provided by MOE on school site (or separate site) with no lease costs charged by MOE would be a significant change from current policy. We would need to come back with further advice on the implications, such as:

- As the ECE market is highly competitive, we would need to consider how it could be introduced without causing market disruption (i.e., subsidised providers competing with current providers). This would include impacts on ECE services in areas with low provision that are not currently attractive options for whanau due to long term under investment in buildings and interiors caused by services struggling to remain financially viable.
- Options for how it could be targeted to support under-served communities, for example through aligning with TAP applications (discussed in the following section)
- Whether there would be merit in running a pilot programme
- How it could be implemented so that it does not put the onus on MOE to ensure that there is an ongoing sustainable business model
- How it can be implemented and work alongside the models we are using for ECEs operating on school sites (without setting expectations across the market)
- How would we incentive ECEs to do repairs and maintenance
- How we can tightly prescribe access to this (potentially through the TAP process)
- What is capacity in the market to deliver
- How it would align with the network approvals process
- Whether there is merit in considering a multi-use building that could service multi purposes in the community, should ECE turn out not to be the greatest need for the community in future

We can go further through reviewing TAP and assessing surplus assets

35   As part of the work to implement ECEs on school sites, MOE can review the current stock of school and buildings and identify underutilised land/buildings on school sites. For example, there could be surplus classrooms or potentially school houses that are

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tagged for sale and could be repurposed for ECE provision in communities that do not have sufficient ECE provision.

36   Note that we do not know how many would meet the criteria, in terms of condition of asset, location etc. and this would need to be undertaken with the agreement of the schools. This impacts on the operation of the school and the agreement would ultimately need to be between the ECE and the school and align with the network approval process.

37   Reviewing TAP alongside as assessment of underutilised assets would allow us to align the model with the community's needs to support ECE provision. The benefit of this approach is that it would be market-led rather than Crown-led based on limited data and information on supply and demand.

9(2)(f)(iv)

Proposed approach to support ECEs in under-served areas

41   Annex 4 proposes an approach that includes progressing our current work that has a specific focus on supporting ECE services in under-served areas:

   o   Progress the policy work on ELAP action 5.2: Identify options to address supply of early learning services in under-served communities.

   o   Undertake a review of TAP, including a reshape and reprioritisation and aligned with the network approval process

   o   Review the models for ECE on school sites

42   It also proposes progressing new work:

   o   Review the stock of school land and buildings and assess whether underutilised assets could be repurposed for ECE services.

9(2)(f)(iv)

43   If you agree to these proposed work programme items, we will report back with further timeframes, sequencing of actions and deliverables.

Ownership structures

44   We are also exploring whether a joint ownership structure (such as an umbrella organisation) can support ECEs being established in under-served areas. This may help new services remain viable through the structure being able to provide ongoing governance, financial and leadership support post-establishment.

45   Depending how this work progresses, various structural options could be considered.

   i.   Working with a peak body to act as an umbrella organisation on a contracting model.

   ii.   Working with a social sector NGO to identify and ensure services are built in low socio-economic or under-served communities.

   iii. Setting up a separate Crown entity, but the benefits of this are unlikely to outweigh the costs.

   iv.   Extending the role of LINZ to include managing ECE properties (LINZ currently manage some of our school housing portfolio, including collecting rent).

46   Note that if we contracted through a non-Government entity, any additional funding would be OPEX as the assets would sit off the Government's balance sheet (ie, funding to the entities would be a grant).

Treaty analysis

47   The Government's priorities for network management will be set out in the National Statement. This will indicate to the sector the particular types of service offerings that are a priority for the licensed early childhood network overall, and therefore the types of applications the Government will prioritise.

48   Some of the proposed Government priorities that will be in the National statements are specifically focused on new services that will benefit tamariki Māori and their whānau, including:

   • Māori bilingual and immersion services that also support the growth and development of te reo.

   • Kaupapa Māori services that have a distinct Māori identity and use Māori cultural practices and values that inform the service provision.

   • Another priority is for services that are majority owned by hapū or iwi. The Crown is obliged to actively protect tino rangatiratanga and support hapū and iwi to participate in and make decisions about the education of Māori learners.

49   Further, Māori Medium peak bodies and Kōhanga Reo services are exempt from the requirement to seek network approval. These decisions were intended to support and incentivise supply of licensed early childhood services provided in te reo Māori.

50   While the work on identifying options to address supply of early learning services in under-served communities is in the early phases, it will need to align with the

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Government's priorities for network management. Three of the priorities are specifically focussed new services that will benefit tamariki Māori and their whānau.

51   The Ministry is also reviewing the qualification standards and associated funding settings for Māori immersion and bilingual education and care services.

52   The Ministry considers that these services are at greater risk of not meeting the new regulation than English medium services. This is due to difficulties recruiting and retaining qualified and certificated teachers who are also fluent in te reo Māori.

Next steps

53   We will report back to you with a more detailed work programme setting out timeframes and key deliverables at the next Income Support Ministers' meeting.

Annex 1: Table of services per region

Territorial Authority	Pop as a % of total	Benefits % of total	0-4 population	Licensed places per 0-4 pop
Ashburton District	0.70%	0.45%	0.74%	0.53
Auckland Super City*	33.49%	33.18%	34.93%	0.76
Buller District	0.19%	0.21%	0.15%	0.58
Carterton District	0.20%	0.11%	0.18%	0.50
Central Hawke's Bay District	0.30%	0.25%	0.32%	0.85
Central Otago District	0.48%	0.18%	0.41%	0.63
Christchurch City	0.02%	6.51%	0.02%	0.48
Clutha District	7.65%	0.26%	7.05%	0.72
Dunedin City	0.36%	1.65%	0.37%	0.53
Far North District	2.60%	2.78%	1.98%	0.77
Gisborne District	1.42%	1.96%	1.49%	0.82
Gore District	1.01%	0.23%	1.18%	0.71
Grey District	0.25%	0.25%	0.23%	0.57
Hamilton City	0.28%	5.20%	0.27%	0.59
Hastings District	3.48%	2.06%	4.06%	0.79
Hauraki District	1.76%	0.51%	1.79%	0.96
Horowhenua District	0.43%	1.02%	0.41%	0.66
Hurunui District	0.71%	0.13%	0.67%	0.59
Invercargill City	0.26%	1.22%	0.26%	0.66
Kaikoura District	1.11%	0.05%	1.05%	0.80
Kaipara District	0.08%	0.61%	0.08%	0.57
Kapiti Coast District	0.51%	0.84%	0.53%	0.46
Kawerau District	1.13%	0.40%	0.88%	0.70
Lower Hutt City	0.15%	2.24%	0.19%	0.61
Mackenzie District	2.20%	0.04%	2.42%	0.63
Manawatu District	0.11%	0.47%	0.10%	0.58
Marlborough District	0.64%	0.69%	0.68%	0.53
Masterton District	1.01%	0.58%	0.87%	0.67
Matamata-Piako District	0.55%	0.67%	0.54%	0.65
Napier City	0.72%	1.59%	0.77%	0.59
Nelson City	1.30%	0.86%	1.25%	0.76
New Plymouth District	1.07%	1.78%	0.86%	0.67
Opotiki District	1.70%	0.47%	1.72%	0.66
Otorohanga District	0.20%	0.21%	0.25%	0.71
Palmerston North City	0.21%	1.85%	0.22%	0.52
Porirua City	1.77%	1.55%	1.87%	0.81
Queenstown-Lakes District	1.21%	0.16%	1.44%	0.67
Rangitikei District	0.94%	0.36%	0.81%	0.74
Rotorua District	0.31%	2.97%	0.34%	0.60
Ruapehu District	1.51%	0.43%	1.73%	0.77
Selwyn District	0.25%	0.51%	0.30%	0.69
South Taranaki District	1.44%	0.79%	1.54%	0.64
South Waikato District	0.57%	0.97%	0.66%	0.60

South Wairarapa District	0.50%	0.16%	0.60%	0.59
Southland District	0.23%	0.32%	0.19%	0.62
Stratford District	0.64%	0.20%	0.64%	0.39
Tararua District	0.20%	0.46%	0.23%	0.72
Tasman District	0.37%	0.78%	0.41%	0.45
Taupo District	1.13%	0.88%	0.83%	0.73
Tauranga City	0.80%	2.72%	0.81%	0.59
Thames-Coromandel District	3.03%	0.56%	3.10%	0.84
Timaru District	0.64%	0.75%	0.45%	0.69
Unknown/Other	0.94%	0.27%	0.82%	0.60
Upper Hutt City	0.93%	0.79%	1.00%	0.53
Waikato District	1.68%	1.90%	1.91%	0.62
Waimakariri District	1.29%	0.74%	1.17%	0.73
Waimate District	0.16%	0.11%	0.14%	0.36
Waipa District	1.16%	0.77%	1.19%	0.75
Wairoa District	0.18%	0.46%	0.22%	0.79
Waitaki District	0.46%	0.35%	0.37%	0.58
Waitomo District	0.19%	0.28%	0.22%	0.68
Wellington City	4.24%	1.67%	3.15%	0.71
Western Bay of Plenty District	1.13%	0.95%	1.01%	0.58
Westland District	0.17%	0.12%	0.14%	0.61
Whakatane District	0.75%	1.34%	0.86%	0.85
Whanganui District	0.94%	1.44%	0.94%	1.01
Whangarei District	1.94%	2.73%	2.01%	0.67

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Auckland*	Pop as a % of total	0-4 population	Licensed places per 0-4 pop
Albert-Eden	2.00%	1.45%	1.05
Devonport-Takapuna	1.17%	0.91%	0.84
Franklin	1.62%	1.64%	0.83
Aotea/Great Barrier	0.02%	0.02%	0.50
Henderson-Massey	2.53%	3.24%	0.66
Hibiscus and Bays	2.24%	1.95%	0.78
Howick	3.02%	2.77%	0.83
Kaipatiki	1.80%	2.01%	0.56
Mangere-Otahuhu	1.69%	2.24%	0.82
Manurewa	2.09%	2.98%	0.53
Maungakiekie-Tamaki	1.62%	1.89%	0.92
Orakei	1.74%	1.27%	0.69
Otara-Papatoetoe	1.83%	2.52%	0.85
Papakura	1.35%	2.02%	0.58
Puketapapa	1.20%	1.13%	0.57
Rodney	1.50%	1.56%	0.73
Upper Harbour	1.39%	1.39%	1.36
Waiheke	0.19%	0.12%	0.66
Waitakere Ranges	1.09%	1.15%	0.55
Waitemata	1.74%	0.86%	1.28
Whau	1.67%	1.81%	0.63
Otara-Papatoetoe	2.00%	1.45%	1.05

- o Overall, there are approximately 570 Statistical Areas (SA2s)[7] without any type of ECE provision. Of these, 100 have zero population and approximately half have a total population less than 50.
- o Manurewa and Upper Hutt are the only urban areas with a low ratio[8] of licensed positions to 0-5 population (0.53 places per child aged under 5). This is potentially explained by both being close to larger urban areas where parents potentially work and use childcare near their place of employment.
- o 11 of the 13 areas with lower ratios (under 5 population to licensed places) are rural areas or small towns.
- o Within regions there is a range of ratios (under 5 population to licensed places) (for example Waipukurau in the Central Hawke's Bay in Table 1). As above, this can be explained by services being clustered near a higher concentration of workplaces.
- o Overlaying MSD benefit data provides a better insight into lower socio-economic areas. The initial data suggests that 7 of the 9 regions with the highest proportion/number of people receiving benefits had licenced positions to 0-5 population ratios higher than the national average. This does not give valuable information on the type of provision (for example it may be a high proportion of parent-led or home-based).

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[7] SA2 is a statistical area with a population between 1,500 to 4,000. There are approximately 2,200 SA2 areas across New Zealand.

[8] A ratio is calculated by dividing the number of licensed places by the 0-4 population. Determining a low ratio is subjective and is compared to the national average.

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Central Hawke's Bay

- CHB has a small population, is primarily a rural area, and a lower-than-average rate of its population receive a benefit.
- the ratio of licensed positions to 0-5 population suggests it is relatively well-served area.
- Waipukurau has a high ratio and some services there support families in neighbouring areas through providing transport.
- A number of the services in the region are parent-led services that may not meet parents' needs. However, the small population makes a higher number of alternative services unlikely to be viable.
- This is an area that is considered to have sufficient supply.
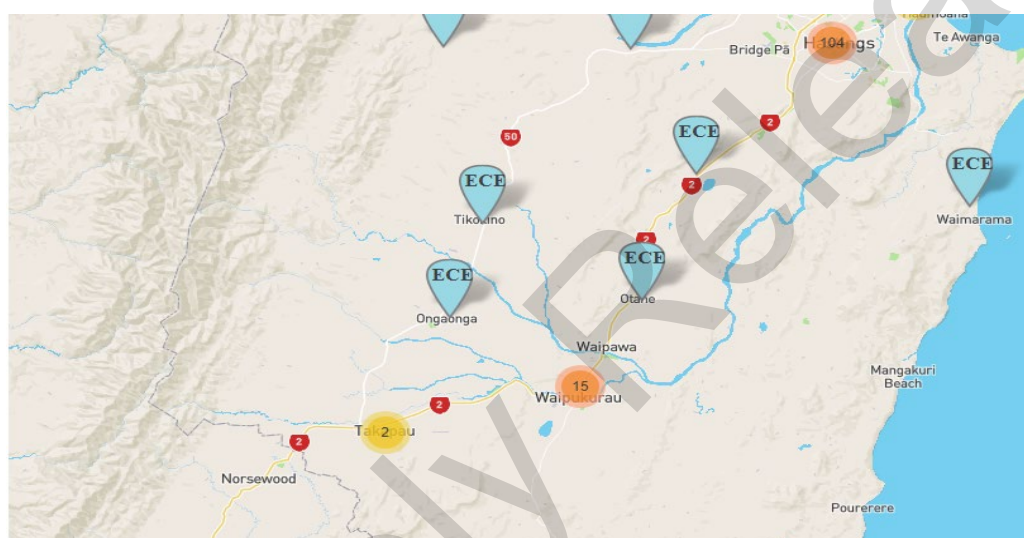
Central Hawke's Bay

Central Hawke's Bay area	0-4 population	Max. Licenced Positions	Licensed places per (0-4) pop
Mangaonuku	65	30	0.46
Makaretu	180	90	0.50
Waipawa	160	123	0.77
Waipukurau West	170	536	3.15
Mangarara	150	20	0.13
Waipukurau East	130	0	0.00
Taurekaitai	110	30	0.27
Total Central HB	**965**	**829**	**0.86**
Adjusting for under 1s	**772**		**1.07**
			National Average
Benefits to population	**0.250%**		**0.32%**

Annex 3: Network Management Priorities

Priority	Definition
Māori bilingual and immersion services	Services where te reo Māori is used at least 51% of the time as a medium of instruction.
Hapū/iwi-owned services	Services that are majority owned by hapū or iwi.
Services with a distinct Māori identity and culture	Services that have a distinct Māori identity and use Māori cultural practices and values that inform the service provision.
Pacific bilingual and immersion services	Services where a Pacific language is used at least 51% of the time as a medium of instruction.
Pacific language and/or cultural services	Services that have distinct Pacific identities, cultural practices, languages, and values that inform the service provision.
Language immersion services (non-English/Māori/Pacific)	Services where a language other than English, Māori or a Pacific language is used at least 51% of the time as a medium of instruction.
Services well-equipped for learning support needs	Services with a particular focus on providing services and support to children with a range of learning support needs.
Services well-equipped for migrants and former refugees	Services that are well-equipped for supporting children and communities with migrant and/or refugee backgrounds.
Services planned to operate on a new school site	Services that are planned to operate on a newly-built school site in growth areas or adjacent to growth areas.
Organisations funded by Targeted Assistance for Participation (TAP)	This is a transitional priority that covers any organisations that already have funding approved through TAP prior to network management commencing on 1 February 2023 as set out in the Bill.
Wraparound services	Early childhood services which are set up to facilitate access to other social services, including health and family support alongside early childhood education.

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Annex 4: Proposed approach

1. Progress the network management function and in particular the next stages to enhance our data collection and data insights.

    i. allows time for the function to mature and to realise the benefits of MOE having specific roles with responsibility for market intelligence, including understanding market behaviour and customer/whānau need

    ii. as we develop the function, we will also use available data, information and insights, to identify areas of need where we are not receiving applications and start to consider options for addressing equity of access as needed.

2. Review the stock of school land and buildings and assess whether underutilised assets could be repurposed for ECE services. For instance, there are a number of schoolhouses currently in the Crown land disposal process. Note that the use of any land would require agreement from schools.

3. 9(2)(f)(iv)

4. Review the current models for ECE services on school sites so that they more deliberately support the implementation of ELAP 5.3: Set aside space for early learning services alongside school sites, where possible.

5. Progress the policy work on ELAP action 5.2: Identify options to address supply of early learning services in under-served communities.

6. Undertake a review of TAP, including:

    i. options to increase the Crown's funding to respond to the significant increase in building costs in recent years

    ii. a broader use of the funding to address other barriers

    iii. 9(2)(f)(iv)

    iv. alignment with the network approval process.

7. Work with Māori Medium peak bodies as the work programme commences.