



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Report of the Cabinet Social Wellbeing Committee: Period Ended 29 July 2022

On 1 August 2022, Cabinet made the following decisions on the work of the Cabinet Social Wellbeing Committee for the period ended 29 July 2022:

Out of scope

SWC-22-MIN-0129

Early Learning Network Management: Policy Approvals for Priorities and Regulations
Portfolio: Education

CONFIRMED

Out of scope

Rachel Hayward
Acting Secretary of the Cabinet

Proactively Released



Cabinet Social Wellbeing Committee

Minute of Decision

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Early Learning Network Management: Policy Approvals for Priorities and Regulations

Portfolio Education

On 27 July 2022, the Cabinet Social Wellbeing Committee (SWC):

- 1 **noted** that in November 2021, SWC agreed to policy settings for early learning network management and noted that the Minister of Education (the Minister) intended to submit a further paper in 2022 on the remaining network management proposals and to seek policy approval for new regulations for network management [SWC-21-MIN-0179];
- 2 **noted** that following consultation, the Minister now seeks Cabinet approval to priorities for network management to be outlined in National and Regional Statements and policy settings for network management regulations;

Priorities for National and Regional Statements

- 3 **agreed** to the following priorities to be included in the National and Regional Statements:

Priority	Definition
Māori bilingual and immersion services (that are not excluded from the requirement to seek network management approval)	Services where te reo Māori is used at least 51 percent of the time as a medium of instruction. This priority would not be necessary for services that come within the proposed exclusion.
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 percent 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 percent 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. We would expect applications from providers in regions where there are significant migrant and/or former refugee communities.
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.
Wrap around services	Early childhood services which are set up to deliver or facilitate access to other social services, including health and family support, alongside early childhood education.

- 4 **authorised** the Minister to make decisions on any matters that may arise during the drafting process of the priorities without further reference to Cabinet, subject to the decisions being consistent with the above decisions;

New regulations for network management

- 5 **agreed** that new regulations for network management under section 636(1)(a) of the Education and Training Act 2020 (the Act):
- 5.1 specify that applicants for network management approval must complete a form provided by the Ministry of Education and must include:
 - 5.1.1 whether approval is sought to apply to operate a licensed early childhood education and care centre (centre); or a licensed home-based education and care service; or a licensed hospital-based education and care service;
 - 5.1.2 information about the applicant;
 - 5.1.3 information about the proposed service;
 - 5.1.4 information that enables the Minister and Secretary for Education (the Secretary) to assess whether the service meets the requirements of the network management provisions, including any relationship with any National and Regional Statements issued;
 - 5.2 specify processing timeframes for the Secretary and Minister completing assessments and making decisions, as follows:
 - 5.2.1 the Secretary would be required to take all reasonably practicable steps to complete assessments required under the network management provisions, following a complete application for network management approval, within 30 working days;

- 5.2.2 unless considering multiple applications together, the Minister would be required to endeavour to issue a decision on network management approval within 30 working days after receiving assessments from the Secretary;
- 5.2.3 the Minister of Education would be required to endeavour to issue a decision on an application to amend a network management approval within 30 working days after receiving assessments from the Secretary;
- 5.3 provide for the ability of the Secretary to issue an official notice of approval to an applicant that would include the following information:
- 5.3.1 service type (centre, home-based, or hospital-based service);
- 5.3.2 applicant's name and contact details;
- 5.3.3 a list of all governance members assessed as fit and proper (if the applicant is an entity or body of persons);
- 5.3.4 a detailed description of the service proposed including any special characteristics of the proposed service, e.g., philosophy (if any);
- 5.3.5 the proposed location of the service;
- 5.3.6 the proposed size of service, including over and under twos (if known);
- 5.3.7 the date of issue;
- 5.3.8 the date of approval;
- 5.3.9 the date of expiry of network management approval;
- 5.3.10 conditions of the approval, including those requiring the applicant to provide progress reports and meet milestones on particular dates;
- 5.3.11 any other relevant information, including expected date of establishment;
- 5.4 provide that fit and proper status would be assessed using a statutory declaration by an applicant or each governance member (if the applicant is an entity);
- 5.5 specify that applicants must complete a form provided by the Ministry of Education to seek an amendment to the expiry date, or conditions (including milestones) of their network management approval at any time prior to expiry of that approval;
- 5.6 specify a fee of \$500 plus GST is required for each network management approval application;
- 6 **invited** the Minister to issue drafting instructions to Parliamentary Counsel Office to give effect to the above decisions on new regulations;
- 7 **authorised** the Minister to make decisions on any matters that may arise during the drafting process without further reference to Cabinet, subject to the decisions being consistent with the above decisions;

Introducing consequential changes to the licensing regulations

- 8 **agreed** to any necessary amendments to the Education (Early Childhood Services) Regulations 2008 that are consequential to the above decisions;

Register of network management approvals and revocations

- 9 **agreed** that all network management approvals and revocations be listed on a dedicated Ministry of Education network management webpage alongside any National and Regional Statements;
- 10 **invited** the Minister to report back to Cabinet in 2025 on the monitoring and evaluation alongside the review of expiry of approval to apply for licence.

Rachel Clarke
Committee Secretary

Present:

Rt Hon Jacinda Ardern
Hon Grant Robertson
Hon Dr Megan Woods
Hon Carmel Sepuloni (Chair)
Hon Andrew Little
Hon Peeni Henare
Hon Kiri Allan
Hon Dr Ayesha Verrall
Hon Priyanca Radhakrishnan
Hon Aupito William Sio
Hon Meka Whaitiri

Officials present from:

Office of the Prime Minister
Office of the Chair
Officials Committee for SWC

In Confidence

Office of the Minister of Education

Cabinet Social Wellbeing Committee

Early learning network management: policy approvals for priorities, and regulations

Proposal

- 1 This paper seeks Cabinet agreement to the remaining proposals for how early learning network management will work, including policy approval for new regulations for network management.

Relation to Government priorities

- 2 The proposals in this Cabinet paper advance *He taonga te tamaiti: Every child a taonga – the Early Learning Action Plan 2019-2029*, which in turn is a supporting action towards the 'learning and developing' outcome of the Child and Youth Wellbeing Strategic Plan.

Executive summary

- 3 From 1 February 2023 anyone wanting to operate a new licensed early childhood service will need to apply for network management approval from the Minister of Education before applying for a licence. Network management is set out in sections 17 and 18 of the Education and Training Act 2020 (the Act).
- 4 The purpose of network management is to take a more active role in managing the licensed early learning network to help ensure all children have access to quality licensed early childhood services by preventing oversupply and increasing provision in areas and communities currently underserved.
- 5 I am now seeking Cabinet approval to the remaining network management policy settings including the creation of new regulations for network management. The policy settings cover:
 - 5.1 Priorities for network management to be outlined in National and Regional Statements.
 - 5.2 Policy settings for network management regulations and to issue drafting instructions to Parliamentary Council Office to give effect to these settings.
 - 5.3 Creating a public register of network management approvals and revocations on the Ministry of Education website.
- 6 During 14 April to 2 June 2022 I consulted on the proposals set out in this paper. We received 69 survey responses and seven written submissions on our network management proposals and respondents were generally very supportive.

Background

- 7 In *He taonga te tamaiti*, the Government set an objective for early learning services to be part of a planned and coherent education ecosystem that is supported, accountable and sustainable. Network management is one of the actions designed to support this objective, as it establishes a new process to manage the supply of new licensed early childhood services.
- 8 From 1 February 2023 anyone wanting to operate a new licensed early childhood service will need to apply for, and receive network management approval from the Minister of Education before applying for licensing. Network management approval will look at the need for a new early childhood service as well as the suitability of the proposed applicant. Network management is set out in sections 17 and 18 of the Education and Training Act 2020 (the Act).¹
- 9 In November 2021, Cabinet noted my intention to submit a further paper to the Cabinet Social Wellbeing Committee in 2022 on the remaining network management proposals and to seek policy approval for new regulations for network management [CAB CAB-21-MIN-0490 refers].
- 10 In December 2021, I introduced into Parliament a Supplementary Order Paper (SOP 118) to be considered alongside the Education and Training Amendment Bill (No.2) (the Bill) proposing changes to the network management provisions in the Act to enable me to implement network management in a more effective and efficient way.²
- 11 Clause 17D of the Education and Training Amendment Bill (No 2) empowers the Minister of Education to issue National and Regional Statements for network management that outline the Government's strategic priorities for network management, provide data and information on supply and forecast growth, demand and the need for licensed early childhood services, and set out any other information that the Minister considers relevant to applications for approval.

Overview of policy proposals and consultation

- 12 I am seeking approval to the following policies:
 - 12.1 Priorities for network management to be outlined in National and Regional Statements
 - 12.2 Creation of new regulations for network management under section 636(1)(a) of the Act, and
 - 12.3 A public register of network management approvals and revocations on the Ministry of Education's website.
- 13 During 14 April to 2 June 2022 I consulted on these policy proposals. A discussion document was published online, as well as summary documents in English, Te Reo Māori and nine Pacific languages. Feedback could be provided via a survey in English or Te Reo Māori or a written submission. The Ministry also held a series of

¹ The new provisions to enable network management are due to come into force on 1 August 2022. However, the Education and Training Amendment Bill (No.2) as reported back by the Education and Workforce Committee would defer the commencement of network management provisions to 1 February 2023. This Cabinet paper assumes that the changes in the Bill will be passed by Parliament

² The provisions of SOP 118 and amendments proposed by the Education and Workforce Committee are now included in the Bill, which is currently at Committee of the whole House stage

six information sessions to explain the proposals in more detail (two open public hui, one hui with Māori early childhood services, one fono with Pacific services and two meetings with the Early Learning Regulatory Review Advisory Group). In addition, information about the proposals was shared with relevant Māori partners, including the Mātauranga Māori Iwi Leaders Group, Ngā Iwi, Ngā Rauru and Ngā Kura a Iwi.

- 14 We received 69 survey responses and seven written submissions on our network management proposals. Respondents to the survey were predominantly European/Pākehā/NZ European (75%), Māori (13%) or Pacific peoples (12%), and early learning owners or managers (46%) or teachers (32%), and from education and care services (68%, which included puna reo - 17%) or kindergartens (28%). Most respondents were based in Auckland (19%), Canterbury (17%) or Wellington (14%). I have carefully considered feedback in the design of the final proposals set out in this paper, aiming to strike a principled and pragmatic balance.
- 15 Overall, respondents supported our proposals – as outlined in Table One below. I propose to release the full consultation results later this year.

Table One: Proposals and percent who agreed or strongly agreed or were neutral

Proposal	% agreed or strongly agreed	Neutral
Priorities for National and Regional Statements	60%-91%*	7-27%*
Definitions of proposed priorities	58-79%*	18-37%*
Information required in applications for network management approval	82%	4%
Processing timeframes for the Secretary for Education and Minister of Education completing assessments and making decisions, as relevant	56%	31%
The ability of the Secretary for Education to issue an official notice of network management approval and the matters it may cover	71%	19%
The ability of the Secretary for Education to use a statutory declaration to assess fit and proper, alongside the Police vetting requirement	72%	22%
The process to allow amendments to network management approval, as anticipated by the legislation, such as the expiry date or conditions	63%	27%
A public register of network management approvals and revocations on the Ministry of Educations website	84%	13%

* a range has been provided as there was a separate question for each priority.

- 16 Last year I consulted on the proposed fee for network management of \$500 plus GST: 73% of respondents agreed or strongly agreed with the proposed fee, and 17% were neutral. I am also seeking decisions on the proposed fee in this paper. More detail is in the Cost Recovery Impact Statement attached as Appendix One.

Priorities for National and Regional Statements

- 17 The intent of setting out Government priorities for network management by issuing National and Regional Statements is to 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.

- 18 Under the proposals in the Bill, I must consult with the licensed early childhood services and Māori on the priorities before issuing a Statement. I have now completed this consultation and seek Cabinet approval of the following priorities for National and Regional Statements:

Priority	Definition
Māori bilingual and immersion services (that are not excluded from the requirement to seek network management approval)	Services where te reo Māori is used at least 51% of the time as a medium of instruction. This priority would not be necessary for services that come within the proposed exclusion.
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.
Wrap around services	Early childhood services which are set up to facilitate access to other social services, including health and family support alongside early childhood education.

- 19 In my view this is the set of priorities that best achieved the following criteria:

- 19.1.1 Giving effect to obligations under Te Tiriti o Waitangi
- 19.1.2 There being an identified national need for this service offering (for example, where a current area or community is underserved)
- 19.1.3 There being a clear priority from existing education strategies (for example, supporting the Action Plan for Pacific Education)

19.1.4 The priority can be defined and monitored.

- 20 I propose that these priorities be included in the National and Regional Statements when the data and information on supply and forecast growth, demand and the need for licensed early childhood services is complete, which is expected in October 2022. The Bill requires me to publish the Statements in the New Zealand Gazette.
- 21 A proposed service that meets one or more of the priorities, will be stronger than a competing application that does not meet any priorities. However, meeting a priority (or priorities) does not mean the service will automatically be approved for network management, as it may not adequately address equally important requirements of network management approval such as the applicant being fit and proper and suitable, and demonstrating demand or need for the service.
- 22 Meeting one or more of the priorities will not be a requirement for a prospective service to gain network management approval. A prospective service may identify and meet a local need not identified in the priorities.

Policy for network management regulations

- 23 I am proposing the creation of separate regulations for network management under section 636(1)(a) of the Act to clearly delineate network management processes from licensing requirements in the Education (Early Childhood Services) Regulations 2008. The network management regulations would set out procedural requirements to support the network management provisions outlined in the Bill.

Information required in applications for network management approval

- 24 The regulations should outline the information required in network management applications to provide transparency to the sector.
- 25 In line with the approach taken in the Education (Early Childhood Services) Regulations 2008, I propose that the network management regulations specify that applicants must complete a form provided by the Ministry of Education and must include:
- a. whether approval is sought to apply to operate a licensed:
 - i. early childhood education and care centre (centre); or
 - ii. home-based education and care service; or
 - iii. hospital-based education and care service.
 - b. information about the applicant
 - c. information about the proposed service
 - d. information that enables the Minister of Education and Secretary for Education to assess whether the service meets the requirements of the network management provisions, including any relationship with any National and Regional Statements issued.

Processing timeframes for the Secretary for Education and Minister of Education completing assessments and making decisions, as relevant

- 26 It is important that applicants know how long a network management decision is likely to take so they can incorporate those timeframes into their business planning. Processing timeframes were a key matter raised by many during consultation last year on the proposals relating to the Bill. The absence of a statutory timeframe for decision making was further raised during the Select Committee process. My intention was to cover timeframes in the regulations given they are procedural.
- 27 Under the proposed Bill, the Secretary for Education will assess whether an applicant is “fit and proper” and will assess the financial viability of the proposed service. The Secretary will then provide this assessment to the Minister, who will consider the entire application.
- 28 I propose that the regulations specify:
- 28.1 The Secretary for Education would be required to take all reasonably practicable steps to complete assessments required under the network management provisions, following a complete application for network management approval, within 30 working days.
 - 28.2 Unless considering multiple applications together, the Minister of Education would be required to endeavour to issue a decision on network management approval within 30 working days after receiving assessments from the Secretary for Education
 - 28.3 The Minister of Education would be required to endeavour to issue a decision on an application to amend a network management approval within 30 working days.
- 29 The proposed 30-day time period for each phase aligns with the timeframe that applies to applications for an early childhood service licence, which is a single phase. The Ministerial timeline in paragraph 28.2 gives me some time flexibility as the decision-maker to consider multiple applications for the same area or same community together. The ability to consider more than one application at once is already provided for in the Bill.

How official notice of network management approval will be given and its contents

- 30 A network management approval will be a formal record, in the way a licence certificate is a formal record for licensing purposes. I propose that network management approval is outlined in an official notice so the applicant is clear what approval has been provided for, and what requirements they must continue to meet to later obtain a licence to operate.
- 31 I propose that the regulations allow the Secretary for Education to issue an official notice of approval to an applicant that would include the following information:
- a. service type (centre, home-based, or hospital-based service)
 - b. the applicant’s name and contact details
 - c. a list of all governance members assessed as fit and proper (if the applicant is an entity or body of persons)
 - d. a detailed description of the service proposed including any special characteristics of the proposed service, e.g., philosophy (if any)

- e. the proposed location of the service
- f. the proposed size of service, including over and under twos (if known)
- g. the date of issue
- h. the date of approval
- i. the date of expiry of network management approval
- j. conditions of the approval, including those requiring the applicant to provide progress reports and meet milestones on particular dates
- k. any other relevant information, including expected date of establishment.

The Secretary completing assessments of fit and proper status

- 32 I propose that fit and proper status would be assessed using a statutory declaration by an applicant or each governance member (if the applicant is an entity). This requirement would be in addition to the requirement to obtain a police vet as set out in the Act.
- 33 One of our principles of network management is to ensure consistency with licensing requirements where appropriate. Given network management and applications for a licence will be subject to the same fit and proper test, I propose to assess this requirement in the same way.

Process to seek an amendment to an approval

- 34 I propose that an approval-holder may apply for an amendment to the expiry date or conditions (including milestones) of their network management approval at any time prior to expiry of the approval or the relevant condition.
- 35 An applicant would be required to use an appropriate application form as provided by the Ministry of Education. As outlined in paragraph 28.3 above, a decision on any proposed amendments to an approval (such as an extension to the expiry date) would be expected within 30 working days. A proposed amendment may be declined by the Minister of Education.
- 36 If the Minister of Education agrees to the amendment, the Secretary for Education would re-issue the approval notice.

Fees for network management

- 37 I propose to charge \$500 plus GST for each network management application. Section 636 of the principal Act enables regulations to be made to specify any fees and charges for application approval procedures.
- 38 I am proposing a partial cost recovery for a network management application because there is a mix of public and private benefit derived from network management. The public benefit is the establishment of a new licensed early childhood service, that is operated by a capable provider that caters to the needs of its community and meets the needs of parents and whānau. The private benefit is the ability to seek a licence and therefore considerable government funding. Network management approval is rivalrous, as use of the good by one applicant has the

potential to reduce access to others from operating a similar service in the same community.

- 39 A full cost recovery model would be inconsistent with the current licensing fee that does not follow a full cost recovery model.

Register of network management approvals and revocations

- 40 I propose that all network management approvals and revocations would be listed on a dedicated Ministry of Education network management webpage alongside any National and Regional Statements.
- 41 Approvals would indicate the applicant's name, proposed service type (including any special characteristics), service size and area, and estimated date of establishment. This approval would remain on the website for as long as the approval is active.
- 42 Revocations of approval would also be notified publicly in the register, including the primary reasons for revocation, which would be based on the provisions as outlined in the Bill. If an approval is revoked, it would be recorded in a separate section of the website for the period that the approval was initially granted for. The purpose of this is to ensure that potential applicants are aware of a change in the future network.

Privacy Act implications

- 43 The Ministry of Education is currently working through the implementation of the proposals including completing a Privacy Impact Assessment (PIA). This will require agreement on where information will be stored, among other aspects of the process that are being finalised. The Ministry of Education will ensure that processes are robust and fit for purpose and meet its obligations under the Privacy Act.

Monitoring

- 44 Cabinet has already agreed that the Ministry of Education will monitor the effect of the new function [network management] on availability of licensed early childhood services and the cost of early learning to parents [SWC-21-MIN-0179 refers]. Once policy proposals are complete, I will start design on this monitoring and evaluation approach. I intend to report back to Cabinet on this monitoring and evaluation in 2025 alongside the review of expiry of approval to apply for licence.³

Implementation

- 45 If Cabinet agrees to these proposals, I propose to seek Cabinet approval of the new network management regulations in September 2022 and to publish the National and Regional Statements in October 2022. Network management will commence on 1 February 2023.

Financial implications

- 46 There are no financial implications for the Crown from this paper, although there may be some financial implications for the sector if the proposals are implemented. For example, network management will have some compliance costs for proposed services and an application fee of \$500 plus GST. In public consultation last year,

³ Schedule 1, clause 9 of the Education and Training Act requires the Minister of Education by no later than 1 August 2025, to review, or arrange for a review of the expiry of approval section.

73% of respondents agreed or strongly agreed with the proposed fee, and 17% were neutral.

Legislative implications

- 47 The priorities for National and Regional Statements will be published in the New Zealand Gazette, together with data and information on supply and forecast growth, demand and the need for licensed early childhood services, and set out any other information that the Minister considers relevant to applications for approval.
- 48 The regulatory proposals in this paper require the creation of new regulations under section 636(1)(a) of the Education and Training Act. I seek approval to issue drafting instructions to Parliamentary Council Office to give effect to these proposals.

Population implications

Māori

- 49 Some of the proposed Government priorities are specifically focused on new services that will benefit tamariki Māori and their whānau, including:
- 49.1 Māori bilingual and immersion services that also support the growth and development of te reo
- 49.2 Kaupapa Māori services that have a distinct Māori identity and use Māori cultural practices and values that inform the service provision.
- 50 Another priority is for services that are majority owned by hapū or iwi. By supporting services owned by hapū or iwi the Crown recognises the importance for Māori to determine how te reo is taught and fostered amongst tamariki and mokopuna. Previous decisions have excluded kōhanga reo and Māori immersion services from the requirement to obtain network management approval. These decisions were intended to support and incentivise supply of licensed early childhood services provided in te reo Māori.
- 51 The following other implications have been assessed:

Population group	How the proposal may affect this group
Children	<p>More active management of the network is intended to help ensure all children have access to quality licensed early childhood services and prevent unintended consequences of over-supply. The proposed settings are intended to ensure new services are well positioned to provide quality early learning settings, by checking the provider is capable, fit and proper, and has sufficient finances in place to establish a new service.</p> <p>The additional requirements may result in a lag in new licensed services being set up in areas where there is population growth, which could mean lower availability of licensed early childhood services in some areas in the short term. The National and Regional Statements are intended to help applicants determine where, and what type of, new licensed services are required.</p>
Women	Access to childcare is a major barrier for many women re-entering the workforce and contributes to the gender pay gap.

	<p>The proposed network management settings should stimulate setting up of new services where they are needed, thus enabling parents and caregivers, including women, to access licensed early childhood services for their children, and opportunities to enter the licensed early childhood services workforce (as teachers and managers) and the wider workforce.</p> <p>As noted above, in the short term, the new process may result in a lag in new services in areas with population growth. This may restrict the availability of licensed early childhood services for some parents, making it more difficult for the primary caregiver to return to work.</p> <p>I note that the Ministry of Social Development is conducting a review of Childcare Assistance. Childcare Assistance is targeted funding that reduces the cost of early learning for low-income families. MSD's review will consider options to improve the adequacy of support, administrative improvements, and approaches to improve settings from a wellbeing perspective.</p>
Pacific	<p>The broader network management proposals align with Goal 4 of the <i>Pacific Aotearoa Lalanga Fou report</i>: Confident, thriving, and resilient Pacific young people, specifically the sub-goal to improve the experience of Pacific young people in education.</p> <p>The Government will signal through its priorities that new services offering a Pacific bilingual and immersion service, or Pacific language and/or cultural services are a priority. These services will benefit Pacific children and their families.</p>
Disabled people	<p>Overall, these proposals are intended to help lift the quality of licensed early childhood services and this may benefit disabled children who use licensed early childhood services. However, the Ministry does not have data on how many disabled children attend these services, so has limited means of assessing the effects of the proposed changes on this group of children.</p> <p>One of the proposed priorities is for new services that are well equipped for learning support needs. This will benefit young disabled children and their families as the focus is on providing services and support to children with a range of learning support needs.</p>

Human rights

- 52 All of the proposals appear to be consistent with the rights and freedoms affirmed in the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Impact analysis

Treaty of Waitangi considerations

- 53 Growing the supply of early childhood services provided in te reo Māori is a key priority for government and a responsibility under the Treaty of Waitangi. The

priorities set out above, and the exclusion of kōhanga reo and other Māori immersion services from network management, is intended to enable change and growth in Māori immersion services, and reduce barriers to them opening and establishing in underserved communities.

- 54 Last year I consulted on how the Government could give effect to its Te Tiriti obligations under the Act but do not need to seek Cabinet agreement to those proposals as they do not require changes to the Act. For example, I am going to set aside dedicated resource for analysis of the Māori medium network.

Regulatory Impact Statement

- 55 The Regulatory Impact Analysis panel at the Ministry of Education has reviewed the Annex to the Regulatory Impact Statement and confirmed that it meets the Quality Assurance criteria (attached as Appendix Two). Other statements are available at: <https://assets.education.govt.nz/public/Documents/Ministry/Legislation/ETB/Network-Planning-in-Early-Learning.pdf> and https://assets.education.govt.nz/public/Documents/Early-Childhood/network-management/Regulatory-Impact-Statement_-Network-Management-in-Early-Learning.pdf

Climate implications of policy assessment

- 56 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to these proposals as the threshold for significance is not met.

Consultation

- 57 The Treasury, Department of Prime Minister and Cabinet, Public Service Commission, Te Puni Kōkiri, Ministry for Pacific Peoples, Ministry for Women, Ministry of Business, Innovation and Employment, Ministry of Social Development, Office for Disability Issues, Ministry of Health, Ministry of Justice, Te Arawhiti, Oranga Tamariki, Education Review Office, Teaching Council and the New Zealand Qualifications Authority have been consulted.

Communications

- 58 I propose to publicise these decisions in two stages. The sector will be updated on the priorities and register of network management approvals and revocations following Cabinet agreement. I propose to announce the policy for new regulations in September 2022 following Cabinet approval of the regulations.

Proactive release

- 59 I intend to proactively release this Cabinet paper in September 2022 subject to redaction as appropriate under the Official Information Act 1982.

Recommendations

The Minister of Education recommends that the Committee:

- 1 **note** that in November 2021, Cabinet noted my intention to submit a further paper to the Cabinet Social Wellbeing Committee in 2022 on the remaining network

management proposals and to seek policy approval for new regulations for network management [CAB-21-MIN-0490 refers];

- 2 **note** that following consultation, I now seek Cabinet's approval to priorities for network management to be outlined in National and Regional Statements and policy settings for network management regulations;

Priorities for National and Regional Statements

- 3 **agree** to the following priorities to be included in the National and Regional Statements:

Priority	Definition
Māori bilingual and immersion services (that are not excluded from the requirement to seek network management approval)	Services where te reo Māori is used at least 51% of the time as a medium of instruction. This priority would not be necessary for services that come within the proposed exclusion.
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. We would expect applications from providers in regions where there are significant migrant and/or former refugee communities.
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.
Wrap around services	Early childhood services which are set up to deliver or facilitate access to other social services, including health and family support, alongside early childhood education.

- 4 **authorise** the Minister of Education to make decisions on any matters that may arise during the drafting process of the priorities without further reference to Cabinet, subject to the decisions being consistent with the above decisions;

New regulations for network management

- 5 **agree** that new regulations for network management under section 636(1)(a) of the Education and Training Act 2020 (the Act):
- 5.1 specify that applicants for network management approval must complete a form provided by the Ministry of Education and must include:
 - 5.1.1 whether approval is sought to apply to operate a licensed early childhood education and care centre (centre); or a licensed home-based education and care service; or a licensed hospital-based education and care service
 - 5.1.2 information about the applicant
 - 5.1.3 information about the proposed service
 - 5.1.4 information that enables the Minister of Education and Secretary for Education to assess whether the service meets the requirements of the network management provisions, including any relationship with any National and Regional Statements issued;
 - 5.2 specify processing timeframes for the Secretary for Education and Minister of Education completing assessments and making decisions, as follows:
 - 5.2.1 The Secretary would be required to take all reasonably practicable steps to complete assessments required under the network management provisions, following a complete application for network management approval, within 30 working days
 - 5.2.2 Unless considering multiple applications together, the Minister of Education would be required to endeavour to issue a decision on network management approval within 30 working days after receiving assessments from the Secretary for Education
 - 5.2.3 The Minister of Education would be required to endeavour to issue a decision on an application to amend a network management approval within 30 working days after receiving assessments from the Secretary for Education;
 - 5.3 provide for the ability of the Secretary for Education to issue an official notice of approval to an applicant that would include the following information:
 - 5.3.1 service type (centre, home-based, or hospital-based service)
 - 5.3.2 applicant's name and contact details
 - 5.3.3 a list of all governance members assessed as fit and proper (if the applicant is an entity or body of persons)

- 5.3.4 a detailed description of the service proposed including any special characteristics of the proposed service, e.g., philosophy (if any)
- 5.3.5 the proposed location of the service
- 5.3.6 the proposed size of service, including over and under twos (if known)
- 5.3.7 the date of issue
- 5.3.8 the date of approval
- 5.3.9 the date of expiry of network management approval
- 5.3.10 conditions of the approval, including those requiring the applicant to provide progress reports and meet milestones on particular dates
- 5.3.11 any other relevant information, including expected date of establishment;
- 5.4 provide that fit and proper status would be assessed using a statutory declaration by an applicant or each governance member (if the applicant is an entity);
- 5.5 specify that applicants must complete a form provided by the Ministry of Education to seek an amendment to the expiry date, or conditions (including milestones) of their network management approval at any time prior to expiry of that approval;
- 5.6 specify a fee of \$500 plus GST is required for each network management approval application;
- 6 **agree** to issue drafting instructions to Parliamentary Counsel Office to give effect to these decisions on new regulations;
- 7 **authorise** the Minister of Education to make decisions on any matters that may arise during the drafting process without further reference to Cabinet, subject to the decisions being consistent with the above decisions;

Introducing consequential changes to the licensing regulations

- 8 **agree** to any necessary amendments to the Education (Early Childhood Services) Regulations 2008 that are consequential to the above decisions;

A register of network management approvals and revocations that would not be specified in these regulation

- 9 **agree** that all network management approvals and revocations will be listed on a dedicated Ministry of Education network management webpage alongside any National and Regional Statements; and
- 10 **agree** to a report back to Cabinet in 2025 on the monitoring and evaluation alongside the review of expiry of approval to apply for licence.

IN C O N F I D E N C E

Authorised for lodgement

Hon Chris Hipkins

Minister of Education

Proactively Released

IN C O N F I D E N C E

Annex to Regulatory Impact Statement: Network Management Policy Approvals

1.1 Additional policy proposals

From 8 September to 13 October last year, we consulted on nine proposals to introduce a network management function to the early learning sector. Those proposals received broad support and will come into effect from 1 February 2023 if the Education and Training Amendment Bill (No 2) is passed. To clarify details and support the implementation of network management, the Ministry consulted on a second round of proposals from 14 April to 2 June 2022. These additional proposals relate to the priorities for National and Regional Statements and the policy for new regulations, and are specified below:

1. Priorities for network management to be outlined in National and Regional Statements.
2. Creation of new regulations for network management under section 636(1)(a) of the Act covering:
 - a. information required in applications for network management approval
 - b. processing timeframes for the Secretary for Education and Minister of Education completing assessments and making decisions, as relevant
 - c. the ability of the Secretary for Education to issue an official notice of network management approval and the matters it may cover
 - d. the ability of the Secretary for Education to use a statutory declaration to assess fit and proper, alongside the police vetting requirement
 - e. the ability to allow amendments to network management approval, as anticipated by the legislation, such as the expiry date or conditions
 - f. fees for network management.
3. A public register of network management approvals and revocations on the Ministry of Education's website.

These additional proposals support the introduction of the preferred options identified in the existing regulatory impact analysis (RIS) outlined in

<https://assets.education.govt.nz/public/Documents/Ministry/Legislation/ETB/Network-Planning-in-Early-Learning.pdf> and

[https://assets.education.govt.nz/public/Documents/Early-Childhood/network-management/Regulatory-Impact-Statement -Network-Management-in-Early-Learning.pdf](https://assets.education.govt.nz/public/Documents/Early-Childhood/network-management/Regulatory-Impact-Statement-Network-Management-in-Early-Learning.pdf).

Making these proposed changes does not alter the overall objectives of the network management function; they are largely technical and administrative changes that provide more detail and support the policy decisions that have been made. These changes impact on applicants in that they provide greater certainty around what is required of them during network management policy approval, with no additional costs.

Priorities for National and Regional Statements

We originally proposed that the network management National and Regional Statements would outline strategic priorities for government, identify areas of undersupply and areas where new services are not required by analysing multiple data sets, and provide additional information about the legislative requirements.

To support that initial policy change, we developed and consulted on the following ten strategic priorities that will be outlined in the statements:

1. Māori bilingual and immersion services (that are not excluded from the requirement are to seek network management approval)
2. hapū/iwi-owned services
3. services with a distinct Māori identity and culture
4. Pacific bilingual and immersion services
5. Pacific language and/or cultural services
6. language immersion services (non-English/Māori/Pacific)
7. services well-equipped for learning support needs
8. services well-equipped for migrants and former refugees
9. services planned to operate on a new school site
10. organisations funded by Targeted Assistance for Participation (TAP)

Following analysis of submissions from consultation, we propose progressing these priorities subject to one change; including an additional priority for wrap-around services.

This priority covers services that provide early childhood education, but also facilitate other social services that meet the needs of their communities.

Policy for network management regulations

Information required in applications for network management approval

The initial policy change identified that network management applications will be made to the Ministry of Education following its introduction on 1 February 2023. To support that change, regulations will set out the information that applicants will be required to submit when making their network management application to the Ministry. This sets out clearly to applicants the information that will be required in the application form.

The information is also necessary as part of the assessment process for determining whether the application should be approved or declined. This includes the following four matters:

1. whether approval is sought to apply to operate a licensed:
 - i. early childhood education and care centre (centre); or
 - ii. home-based education and care service; or
 - iii. hospital-based education and care service
2. information about the applicant
3. information about the proposed service
4. information that enables the Minister of Education and Secretary for Education to assess whether the service meets sections 17 and 18 of the Education Act, including any relationship with any National and Regional Statements issued.

There were no changes to these four broad areas or the detail under these areas following consideration of the submissions.

Processing timeframes for the Secretary for Education and Minister of Education completing assessments and making a decision, as relevant

We heard from our engagement with the sector last year and during the Select Committee process considering the Supplementary Order Paper, how important it is for there to be processing timelines for network management. To support the licensing and decision-making process, we proposed that:

- a. The Secretary would be required to take all reasonably practicable steps to complete assessments of a complete application under section 18 of the Act within 30 working days. Section 18 covers both fit and proper and an initial assessment of financial viability.
- b. Subject to the Minister's ability to consider applications together, the Minister of Education would be required to endeavour to issue a decision on network management approval within 30 working days after receiving assessments from the Secretary for Education.
- c. The Minister of Education would be required to endeavour to issue a decision on an amendment to network management within 30 working days after receiving assessments from the Secretary for Education.

There were no changes following consideration of the submissions.

How official notice of network management approval will be given and its contents

Approved applicants will need to receive an official notice of network management approval from the Secretary for Education, outlining all the relevant details of the approval. This will support the application process by ensuring that applicants are clear what approval has been provided and what requirements they must continue to meet. We proposed that an

official notice of approval to an applicant would include the following information which would be set out in regulations:

- service type (centre, home-based, or hospital-based service)
- the applicant's name and contact details
- a list of all governance members assessed as fit and proper (if the applicant is an entity)
- a detailed description of the service proposed including any special characteristics of the proposed service, e.g., philosophy (if any)
- the proposed location of the service
- the proposed size of service
- the date of issue
- the date of approval
- the date of expiry of network management approval
- any conditions and milestones and any associated dates to comply with those conditions and milestones
- any other relevant information, including expected date of establishment.

There were no major changes following consideration of the submissions. A minor change was made to include milestones to align with the Supplementary Order Paper enabling the ability of the Minister to set milestones ([Supplementary Order Paper No 162 \(released 23 May 2022\) \(b\) – New Zealand Legislation](#) refers). A second minor change is including over and under twos (if known) when providing information on the proposed size of service.

The Secretary completing assessments of fit and proper status and financial viability

The regulations will set out a number of procedural matters for network management. This will ensure consistency across licensing and network management and will provide applicants with an opportunity to seek an amendment to cover changing and unforeseen circumstances. We have developed a proposal relating to the Secretary assessing fit and proper and financial viability

There were no changes following consideration of the submissions.

Process to seek an amendment to an approval

This will provide applicants with an opportunity to seek an amendment to the expiry date or conditions (including milestones). We have developed a proposal relating to amendments to network management approvals.

There were no changes following consideration of the submissions.

Fees for network management

We proposed that the new regulations will set out a fee of \$500 (plus GST). In September and October 2021, we consulted the sector on the proposed fee and there was support for this fee: 73% of respondents agreed or strongly agreed with the proposed fee, and 17% were neutral. Due to this support, we did not seek further feedback from the sector during the April to June 2022 consultation.

A register of network management approvals and revocations that would not be specified in these regulations

We proposed that all network management approvals would be listed on a dedicated Ministry of Education | Te Tāhuhu o te Mātauranga network management webpage alongside any National and Regional Statements. Approvals would indicate the applicant's name, proposed service type (including any special characteristics), service size and area, and estimated date of establishment. This approval would remain on the website for as long as the approval is active.

All revocations of approval would also be notified publicly until the period of approval expires, including the primary reasons for revocation, which would be based on the provisions as outlined in the Bill. The revocation would only be published after the period for appeal has expired. If an approval is revoked, it would be recorded in a separate section of the website until the period of initial approval expires. The purpose of this is to ensure that future applicants are aware of changes in approval status. We do not propose to list declined network management applications.

The rationale for providing the revocation details is to provide transparency around the decision-making for network management and to enable future applicants to see on what grounds approval has been revoked.

There were no changes following consideration of the submissions.

Stage 2 Cost Recovery Impact Statement

Introducing a Minimal Fee for Network Management Applications

Agency Disclosure Statement

This Cost Recovery Impact Statement (CRIS) has been prepared by the Ministry of Education.

It provides an analysis of the proposed minimal fee for network management to partially recover fees associated with assessment of network management applications.

The fee is not derived from a complex methodology, but rather it is a nominal fee that acknowledges that there is a cost to the Crown. It is not intended to reflect the cost of the new function that the Ministry of Education is still in the process of designing.

As the function is in the process of being designed, a full cost recovery analysis could not be completed but will be completed at an appropriate time.

The cost is also intended to disincentivise applicants from submitting applications to block others from entering the market.

We consulted on the proposed fee in 2021 and 73% of respondents agreed or strongly agreed with the proposed fee, and 17% were neutral.

Our analysis is reliant on the processes outlined in the Education and Training Act 2020 and the Education and Training Amendment Bill (No 2).

Paul Scholey
Pouwhakahaere Kaupapa | Senior Policy Manager
Te Puna Kaupapahere | Policy

P Scholey

16 June 2022

Executive summary

We recommend the fee for network management applications be set at \$500 plus GST per application. We do not recommend charging for amendments to network management in line with current licensing arrangements.

Section 636 of the principal Act enables regulations to be made to specify any fees and charges for application approval procedures. The network managements fees are a new fee and must be specified in regulations.

We are proposing a partial cost recovery for a network management application because there is a mix of public and private benefit derived from network management.

Status quo

The Education and Training Act 2020 (the Act) introduces a new network management process that requires approval of the Minister of Education of any new early childhood service seeking a licence (sections 17 and 18). Changes to this new process are being proposed under the Education and Training Amendment Bill (No 2) currently in Parliament.

The intent of these new provisions is to enable a more managed network approach to new early childhood services, reducing issues such as oversupply and undersupply of licensed services.

An applicant would be required to provide an application to the Ministry of Education for network management approval. Network management will involve two key stages. The Secretary for Education would assess fit and proper and provide an input into financial viability and then the Minister of Education would be required to make the overall decision.

Section 636 of the principal Act enables regulations to be made to specify any fees and charges for application approval procedures. The network managements fees are a new fee and must be specified in regulations.

Network management will commence on 1 February 2023 (subject to approval of the Education and Training Amendment Bill (No 2)). The Ministry of Education is currently finalising the design of the network management function.

Reviews of cost recovery charges

- This is a new fee, not review of an existing charge.

Cost Recovery Principles and Objectives¹

We have considered the Office of the Auditor General's Good practice guide: Charging fees for public sector goods and services and the Treasury's Guidelines for Setting Charges in the Public Sector. We have identified the following principles and objectives in setting these fees.

¹ A principle is a general rule that should be used to guide cost recovery design, a feasible option must meet the stated principles. An objective is more of a goal that a specific cost recovery proposal should meet, the recommended option does not need to meet all of the objectives.

Table One: Cost Recovery Principles

Principle	Description
Authority	The charges must be within scope of the empowering provision.
Justifiability	The charges should reasonably relate to the services being charged for.
Consultation	Stakeholders should be included in the development of the activity for which cost recovery is being carried out.
Equity	The impact of the charges should be equitable between applicants over time.
Simplicity	The cost recovery regime should be straightforward and easy to understand for affected parties.

Objectives

The following objectives are part of the overall design of network management. We have removed two objectives that are not applicable to this policy proposal (putting children at the centre, and fair and proportionate impact on parents) as the fee will not apply to them.

Table Two: Cost Recovery Objectives

Objective	Description
Te Tiriti o Waitangi	Honours Te Tiriti o Waitangi and supports Māori Crown relationships
Reasonable costs for the provider	Costs and compliance faced by providers are proportionate and involve limited or no duplication of effort
Reasonable costs to government and ease of implementation	Costs and compliance faced by government are reasonable and able to be implemented
Transparent	Service providers know what to expect of the process
Fair and equitable	Decisions for similar circumstances are treated equally and there is a clear rationale where this is not the case
Clear	Service providers can easily interpret what is required

Policy Rationale: Why a user charge? And what type is most appropriate?

The network management application fee would be a set fee specified in regulations. We are proposing a partial cost recovery for a network management application because there is a mix of public and private benefit derived from network management.

- The public benefit – is the establishment of a new early learning service, that is operated by a capable provider that caters to the needs of its community and meets the needs of parents and whānau.
- The private benefit – is the ability to seek a licence and therefore considerable government funding. Network management approval is **rivalrous** as use of the good by one applicant has the potential to reduce access to others from operating a similar service in the same community.

As the fee is only a portion of the total cost to the Ministry of providing this function, it is a nominal fee. The intention is to disincentivise applicants from submitting holding applications. As it is a set fee, it was set at a level that smaller providers would not find prohibitive.

We have identified two options, noting that we only consulted on Option 1 during consultation in 2021:

- Option 1: Partial cost recovery of \$500 plus GST (recommended)
- Option 2: No fee.

Option 1: Partial cost recovery of \$500 plus GST (recommended)

Under this option we would require a one-off application fee of \$500 plus GST for each network management application. Applicants would not be charged for amendments or additional information requirements requested.

Option 2: No fee

Under this option no fees would be charged for network management applications.

The following table assesses the two options against the key principles and objectives.

Table Three: Assessment of options against principles and objectives

Principle or objective	Option 1: Partial cost recovery of \$500 plus GST (recommended)	Option 2: No fee
Authority	Our proposed fee is empowered by section 636 of the Education and Training Act 2020.	No fee is inconsistent with the ability to charge under the Education and Training Act 2020.
Justifiability	The fee proposed will only apply to applicants seeking a network	Applicants would receive a private benefit for free. Due to no fee there

	management decision from the Minister of Education. Due to the partial fees, there will be no cross subsidisation of other Ministry functions.	will be no cross subsidisation of other Ministry functions.
Consultation	We consulted with the early learning sector in 2021 and they supported the proposed fee.	No fee is not consistent with feedback during consultation. We did not consult on there being no fee.
Equity	All applicants for network management will be charged the same fee of \$500 plus GST.	All applicants would be treated equally.
Simplicity	The proposed fee is a set fee.	No fee is simple.
Te Tiriti o Waitangi	Māori immersion services delivering the curriculum in te reo Māori are not subject to network management and therefore not subject to this fee.	No fee could remove barriers for other Maori groups that are not excluded from the requirement.
Reasonable costs for the provider	The proposed fee is affordable for all types of applicants, community based and private providers.	No fee is more affordable.
Reasonable costs to government and ease of implementation	The proposed fee is simple for government to implement.	This option would increase the costs faced by government (as there would be no cost recover component to offering the service) but be simpler to implement.
Transparent	The regulations and application form will clearly specify the fee.	This option is transparent.
Fair and equitable	The fee will be the same for all applicants	No fee would be fair and equitable for all.
Clear	Applicants can easily identify a set fee.	No fee would be clear for all.

The level of the proposed fee and its cost components (cost recovery model)²

The fee is a partial cost recovery of a new function still being designed by the Ministry. The key outputs and processes will be:

² If a stage 1 template was completed the cost recovery model should be consistent with the high-level cost recovery model. Differences should be noted and explained.

1. Applicant completes application form
2. Ministry of Education assess application for completeness (estimated four hours)
3. Once the application is complete, the Secretary of Education provides (estimated 20 hours):
 - a. A fit and proper assessment assessing a Police vet and statutory declaration
 - b. An assessment of financial viability
 - c. Prepares information for the Minister of Education on other matters including, licensing history, capability, and community needs.
4. Minister of Education considers all the information and makes a final decision on whether to approve the application or not (estimated 10 hours).
5. Decision is communicated to the applicant.
6. Approved decisions are listed on a dedicated Ministry of Education webpage.

Impact analysis

Network management only applies to new early childhood services so the proposed fee will only apply to a small section of the sector (for comparison purposes there are currently 4,652 licensed services).³

Currently between 100-120 applicants seek a licence each year and we expect we will receive at least this number of applications for network management.

We do not expect the proposed fee to have an impact on demand of applicants seeking to enter the early childhood market but do expect it to have some mitigating impact on applicants submitting applications intended to block others from entering the market.

Services currently pay \$2,817.50 (including GST) to seek a licence, so the proposed fee is a small proportion of other applicable fees.

Consultation

During September-October 2021 we consulted on the proposed fee. The Ministry of Education also held a series of eight information sessions to explain the proposals in more detail. The information sessions were a mix of public, and specific hui with Māori, Pacific and sector representatives. Surveys were able to be completed in English or Te Reo Māori.

We received 101 survey responses and 17 written submissions on network management proposals. Respondents were predominantly European/Pākehā/NZ European (74%) or Māori (15%), and early learning owners or managers (57%) or teachers (24%), and from education and care services (74%). Most respondents were based in Auckland (46%) or Canterbury (19%).

73% of respondents agreed or strongly agreed with the proposed fee, and 17% were neutral.

³ [PowerPoint Presentation \(educationcounts.govt.nz\)](https://educationcounts.govt.nz)

Conclusions and recommendations

- We recommend the fee for network management applications be set at \$500 plus GST per application.
- We do not recommend charging for amendments to network management in line with current licensing arrangements.

Implementation plan

The proposed fee would be prescribed in the regulations for network management. We expect these regulations to be notified in the Gazette in October and to come into effect from 1 February 2023.

We will notify the sector of this fee if Cabinet agrees to the proposal, via the early Learning bulletin, dedicated Ministry of Education webpage for network management and inform key sector advisory groups.

There are no identified implementation risks at this stage as the Ministry already charges fees for other services (ie, ECE licence fee application).

Applicants that do not provide the prescribed fee would not be assessed for network management.

Monitoring and evaluation

Cabinet has agreed that the Ministry of Education monitor the effects of the new function on availability of early learning services and cost of early learning for parents [CAB-21-MIN-0490 refers].

I recently consulted with the early learning sector on proposed processing timeframes which were supported.

Review

Under Schedule 1 of the Education and Training Act 2020 the Minister of Education is required to review or arrange a review of the section relating to timeframes for network approval by 1 August 2025. This review will provide a point at which the fee may be reviewed.

Version control

Other version	Date	Link
Draft	4 May 2022	
Revised draft	26 May 2022	
Final	15 June 2022	