

## Cabinet Paper material

### Proactive release

Minister & portfolio	Hon Chris Hipkins, Minister of Education
Name of package	Implementation of the Home-based Early Childhood Education Review Decisions
Date considered	22 June 2020

#### These documents have been proactively released:

**Cabinet paper: Implementation of the Home-based Early Childhood Education Review Decisions**

22 June 2020

Ministry of Education

**Cabinet Minute: SWC-20-MIN-0078**

17 June 2020

Cabinet office

**CAB-20-MIN-0295 Report of the Cabinet Social Wellbeing Committee Minute**

22 March 2020

Cabinet office

#### Material redacted

Some deletions have been made from the documents in line with withholding grounds under the Official Information Act 1982. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

The applicable withholding grounds under the Act are as follows:

Section 9(2)(f)(iv) to protect the confidentiality of advice tendered by Ministers of the Crown and officials

Some deletions have been made from the documents as the information withheld does not fall within scope of the Minister's portfolio responsibilities, and is not relevant to the proactive release of this material.

You can read the Official Information Act 1982 here:

<http://legislation.govt.nz/act/public/1982/0156/latest/DLM64785.html>

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Office of the Minister for Education

Chair, Cabinet Business Committee

## **Implementation of the Home-based Early Childhood Education Review Decisions**

### **Proposal**

- 1 I seek Cabinet's agreement to the implementation of the changes that arose out of the Review of Home-based early ECE (the Review).
- 2 The changes in this paper are linked to the Budget decisions that were made in April and it is important that they are considered with some urgency.

### **Relation to government priorities**

- 3 The proposals for implementing the changes that arose out of the Review relate to the Education Portfolio Work Programme that was considered by Cabinet in February 2018 [CAB-18-MIN-0024 refers]. The Review of Home-based ECE was a key component of the work programme.

### **Executive Summary**

- 4 In February 2019, Cabinet agreed to move towards a qualified home-based ECE workforce, with all educators eventually being required to hold, or be actively working toward, a Level 4 ECE qualification or Te Ara Tuarua (the level 5 kōhanga reo qualification) or higher [CBC-19-MIN-002 refers]. These changes signal to the home-based sector that a consistent level of quality will be expected, and provides certainty to parents and whānau on the quality of home-based ECE.
- 5 I propose a five-year transition to a Level 4 ECE qualified workforce. From 1 January 2025 there will be one quality rate for home-based ECE services and the standard rate will be removed. To be eligible for the new quality rate, all home-based services would be required to have at least 80% of their educator workforce with a Level 4 or higher ECE qualification. The remaining 20% of educators will be required to be in induction or studying towards the Level 4 ECE qualification.
- 6 To incentivise the shift to a qualified workforce, I propose regulating the qualification requirements for the standard rate from 1 January 2022. From this date 10% of educators will be required to have completed the Level 4 ECE qualification. This will be gradually increased until it reaches 80% by January 2025. This represents a substantial shift for the home-based sector. It is important to gradually lift the requirements to give time for educators and service providers to adjust.
- 7 I am also seeking agreement to progressively increase the qualification requirements for the quality rate. This change will also allow 20% of educators to be working towards a qualification, starting from 1 January 2021. Quality rate services are typically made up of educators with completed and partially complete qualifications. These changes provide an incentive for educators in these services to work to complete their qualifications. Allowing a proportion of educators to be in training enables standard rate services to transition to the quality rate faster.
- 8 This transition gives the sector time to adjust to the changes. It is likely that COVID-19 will have some impact on when and if educators decide to study for the Level 4 ECE qualification, especially in the short term. There may also be a reduction in the number of Level 4 ECE courses being offered by Tertiary Education

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Organisations. I consider the five year timeframe sufficient to accommodate any minor disruptions.

- 9 I expect that the implementation of the new qualification requirements will result in some educators and home-based providers leaving the sector. An estimated 25 au pair services, and 900 children who attend these services will leave the market because au pairs will not be able to study for the qualification. Other services that exit may include services whose educators are family members, such as grandparents and those that specialise in short-term care arrangements.
- 10 It is predicted that approximately 1600 educators may exit impacting about 2,400 families. This is an estimate based on how many educators indicated they would take up the Level 4 ECE qualification. The Ministry is unable to say for sure how many educators will leave. However, the decline in numbers might be offset by COVID-19 and an increase in parents wanting to choose home-based ECE.
- 11 To support the transition to a qualified educator workforce, a package of \$36.150 million has been approved over four years. The key features of this package are additional support for educators who are studying from their visiting teachers, fees assistance for educators who are not eligible for fees free study, and a much welcome quality rate increase of 3.8% from 1 January 2021.
- 12 To offset the costs as a result of moving to a qualified workforce, the budget package includes \$16.072 million in funding specifically for the transition costs. The main costs come from children moving to education and care services. The other transition costs come from services moving from the standard to the quality rate.

### Background

- 13 Home-based early childhood education (ECE) is one of six ECE service types for children aged 0-5. Home-based ECE offers a number of benefits, including low adult to child ratios and small group sizes. Its point of difference is that early learning is delivered in private homes, rather than in centres. In 2019, there were 17,196 children enrolled in home-based ECE, which accounted for 8.6% of all children enrolled in ECE services.
- 14 Home-based ECE is delivered by educators who are currently not required to hold an ECE qualification. The absence of a mandatory qualification is a factor influencing the diversity of the educator workforce, which can include nannies, au pairs and family members such as grandparents. The ability for unqualified educators to be funded has meant home-based ECE is available in a diverse range of languages, as new migrants with little to no English can provide education and care for children within their communities.
- 15 There are two funding rates for home-based ECE services. The standard rate is the base rate for all licensed home-based ECE services. These services must meet the requirements of the Education (Early Childhood Services) Regulations 2008. The quality rate is a higher funding rate for services that meet additional requirements.

Table 1: funding rates for home-based ECE (includes GST)

\$ per funded child hour	Rates from 1 January 2020			Rates from 1 January 2021		
	Under 2	2 and over	20 Hours ECE	Under 2	2 and over	20 Hours ECE
Quality	\$8.59	\$4.60	\$9.59	\$9.05	\$4.85	\$10.11

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Standard	\$7.28	\$3.94	\$8.76	\$7.28	\$3.94	\$8.76
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- 16 The purpose of the Review of Home-based ECE was to consider what was and was not working in home-based ECE. The Review evaluated the current rules and guidelines to identify areas for change. The aim of the Review was to better support quality outcomes for children and to assure parents with children in home-based ECE that their children are receiving quality education and care.
- 17 In February 2019, Cabinet agreed to a qualified home-based ECE workforce, with all educators eventually being required to hold, or be actively working toward, a Level 4 ECE qualification or Te Ara Tuarua (the level 5 kōhanga reo qualification) or higher [CBC-190MIN-0002 refers]. Cabinet also agreed that educators who currently hold a Level 3 ECE qualification will be grand-parented so that their Level 3 qualification is recognised as equivalent to a Level 4 qualification for funding purposes in the new system.
- 18 Cabinet noted that the shift to a qualified workforce would be incentivised through gradually lifting the funding criteria for both the standard and the quality rates. This included the eventual move to a single quality rate for home-based ECE.
- 19 Cabinet also noted that I, in consultation with the Minister of Finance and other Ministers as appropriate, would report back to Cabinet Social Wellbeing Committee (SWC) in February 2020 on the forecasting and financial implications. Instead, the report back delayed until after Budget decisions. The forecasting and financial implications are detailed in this Cabinet paper.

### **Incentivising the shift to a qualified workforce**

- 20 Since the announcement in February last year, there has been a 61% increase in the number of students studying for the Level 4 ECE qualification in 2019. I believe this demonstrates that the home-based sector realises the importance of shifting to a qualified workforce early on.
- 21 The proposals in this paper have been developed in conjunction with the Home-based Sector Reform Implementation Group (HSRIG) convened by the Ministry. The HSRIG was a group made up of sector representatives from a cross section of home-based providers. The HSRIG provided a sector perspective on the timeframes for regulating the Level 4 ECE qualification and how to amend and sequence the increased requirements for both the standard and quality rates. This was done with the aim of incentivising the shift to a qualified educator workforce and eventual move to a single quality rate.
- 22 It is important to begin the transition to a qualified workforce now because it will enable educators to study for the qualification while still working and give the home-based sector time to adjust. The timeframe also ensures that the rest of the ECE sector can adjust to any flow-on effects and that disruption to parents and whānau is minimised.
- 23 I propose the introduction of one single quality rate for home-based ECE services from 1 January 2025. The standard rate would be removed altogether and the qualification requirements for the single quality rate would become a regulatory requirement. This would drive an increase in the quality and consistency of education delivered in a home-based setting. Parents and whānau will then be

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guaranteed that if they choose home-based ECE for their children they will receive high quality ECE.

- 24 In the coming months the home-based ECE sector will likely be affected by COVID-19. Some home-based educators may see a decline in children's attendance, and older educators may be reluctant to work. Additionally, unqualified educators may be reluctant to complete, or may delay starting, the Level 4 ECE qualification. In the current environment, parents and whānau may prefer to send their children to home-based because of the small group sizes it offers. I believe it's important to forge ahead with these decisions, because if the home-based sector grows as a result of COVID-19, we want to be sure of the quality it provides.
- 25 If we start early, we can gradually move the educator workforce through the Level 4 ECE qualification with minimal disruption to the ECE sector. I propose starting regulating qualification requirements for the standard rate from 1 January 2022. At present there is no minimum qualification requirement for the standard rate. By gradually increasing the proportion of educators required to have a qualification, I am aiming to have at least 80% of the educator workforce qualified by 1 January 2025.
- 26 Services receiving the quality rate will likely have a mixture of educators with qualifications or incomplete qualifications. To incentivise these services to support their educators to complete a Level 4 ECE qualification, I propose gradually lifting the requirements for the quality rate starting from 1 January 2021. This should not be difficult for quality funded services.
- 27 The financial implications of the changes recommended in this paper have already been agreed as part of a \$36 million bid within Budget 2020. Budget 2020 will provide much needed support for the sector for the transition to a qualified workforce.
- 28 As part of Budget 2020, fees assistance has been approved for educators who are not eligible for fees free. Home-based visiting teachers will experience an increase in their workload as they support educators studying for the Level 4 ECE qualification. To recognise this, funding will be provided to support visiting teachers. To further incentivise home-based services, a funding rate increase of 3.8% for quality funded services has been approved. The increase will be effective from 1 January 2021. This will be a welcome boost for the sector.
- 29 To incentivise the shift to a qualified educator workforce, I propose an implementation profile that aims to achieve:
- 29.1 an increase in the quality of education delivered in home-based settings – with the majority of the educator workforce eventually being required to hold a Level 4 or higher ECE qualification, Te Ara Tuarua or higher, a grand-parented Level 3 ECE qualification, or a primary teacher qualification.
  - 29.2 stability and choice for parents – there needs to be pathways to qualifications for educators in the end state, and the transition profile needs to be both realistic for educators and service providers so that there is not mass exit from the sector.

*End state: A single quality rate from 1 January 2025*

- 30 From 1 January 2025, I propose that the standard rate be replaced with one single quality rate for all home-based ECE services. At this point, all home-based ECE

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services will be required to have at least 80% of their educators holding a Level 4 ECE qualification or above. This 80% can also include educators with a grand-parented Level 3 qualification, Te Ara Tuarua (the Level 5 kōhanga reo qualification), Tohu Whakapakari (the Level 7 kōhanga reo qualification) or a primary teacher qualification. The remaining 20% of educators would be able to be in training or induction.

- 31 I believe this profile would ensure the majority of educators in a home-based service are better equipped to support children's learning and development. It enables growth of the educator workforce through allowing those with qualifications to begin a career in home-based ECE and study at the same time.
- 32 Educators would have up to six months from when they join a home-based ECE service before they must be enrolled in a Level 4 ECE qualification or Te Ara Tuarua. Educators would then have up to two years to complete the qualification once enrolled. I consider two years sufficient time for educators to complete the qualification.

*Transition period: Regulating qualification requirements for the standard rate from 1 January 2022*

- 33 I propose regulating the qualification requirements for the standard rate from 1 January 2022. From this date, 10% of educators in a standard funded service must have completed the Level 4 or higher ECE qualification, Te Ara Tuarua or higher, hold a Level 3 ECE qualification or be a qualified primary teacher. This change will require an amendment to the Education (Early Childhood Services) Regulations 2008.
- 34 The 1 January 2022 date gives time for home-based services and educators to adjust to the changes. It gradually increases the proportion of educators required to have a qualification so home-based services will be well placed to support smaller groups of educators in study.
- 35 To assist home-based services on the standard rate to support educators to become qualified, Budget 2020 provides fees assistance for educators not eligible for fees free and visiting teacher support. The visiting teacher support will be a weekly payment to support teachers with an increased workload as a result of supporting educators studying for the Level 4 ECE qualification.

*Table 2: recommended requirements for the standard rate for home-based services*

Date requirement would be effective	Percentage of educators with a required qualification*
1 January 2022	10%
1 January 2023	30%
1 January 2024	60%
1 January 2025	Full implementation 80%

\* A required qualification is a grand-parented Level 3 ECE qualification, a Level 4 or higher ECE qualification, a primary teacher qualification, Te Ara Tuarua or higher.

- 36 Should Cabinet approve the decision, I will signal the required increase for the standard rate to the sector by the end of July 2020, so that they have time to adjust. This change represents a substantial shift for the home-based sector. It is important that the first increase is small to minimise disruption to children, parents and whānau.

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- 37 If a service on the standard rate fails to reach the specified percentage of qualified educators in that particular year, the Ministry will place the service on a provisional licence until they can achieve the regulated requirements.

### *Transition period: Lifting qualification requirements for the quality rate from 1 January 2021*

- 38 At present, educators only have to have partial credits towards the Level 4 ECE qualification for a service to receive quality funding. I propose lifting the qualification requirements for the quality rate beginning on 1 January 2021. The requirements would then progressively increase each year until 1 January 2024 as shown in table 3.
- 39 I am recommending lifting the qualification requirements for the quality rate a year earlier than the standard rate because all educators in a quality funded service already have some Level 4 ECE credits, or a completed Level 3 ECE qualification. It should not take quality funded services as long to adjust to the new requirements.
- 40 I also propose that up to 20% of educators in a quality network can be in training or induction, which matches with the recommendation for the eventual single quality rate. This will enable services on the standard rate to move onto the quality rate more quickly. The proposed proportions of qualified educators is shown in the table below.

*Table 3: recommended requirements for the quality rate*

Date requirement would be effective	Minimum percentage of educators with a required qualification*	Percentage of educators with partial credits towards a required qualification*	Maximum percentage of educators able to be in training or induction^
1 January 2021	30%	50%	20%
1 January 2022	50%	30%	20%
1 January 2023	70%	10%	20%
1 January 2024	80%	0%	20%

\* A required qualification is a grand-parented Level 3 ECE qualification, a Level 4 or higher ECE qualification, a primary teacher qualification, Te Ara Tuarua or higher.

^ Educators who do not yet have credits towards a required qualification

- 41 To further incentivise the shift to a qualified workforce, Budget 2020 adjusts the quality rate for inflation and also increases it by a further 3.8% increase – a total increase of 5.4%. From 1 January 2021 the quality rate will be \$1.77, \$0.91 and \$1.35 higher than the standard rate for the under-, over-tuos and 20 Hours ECE respectively. The standard rate has not been increased since 2014.
- 42 Home-based ECE services that are unable to meet the criteria for the quality rate during the transition period would be placed on the lower standard rate. The quality rate would only be reinstated once the service can show they have met the criteria.

### **Estimated transition to a qualified workforce**

- 43 The proposed quality rate transition profile starting on 1 January 2021 will mean standard funded services can move onto the quality rate if 80% of their educators hold full or partial qualifications. Some services could shift qualified educators from standard funded services to form quality funded services. Thirty-one percent of educators in standard funded services are qualified or partially qualified. These are 2019 figures and may have increased since. The transition to the quality rate would likely increase steadily each year until full implementation is achieved.

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- 44 As a result of these changes, I expect that standard rate funded child hours (FCHs) will start to transition to quality rate FCHs from 2020/21. Funded child hours are the hours of children's attendance that the Ministry of Education subsidises. As at 2019/2020 there were approximately 17.5 million standard rate FCHs in home-based ECE.
- 45 The Ministry estimates that about 10% of standard rate FCHs will move to the quality rate from 2020/21.
- 46 The changes I am recommending mean that some home-based services will leave the sector, which will result in some children shifting from home-based services to centre-based early learning or to informal care. The Ministry estimates about 6% of standard rate FCHs will move into other ECE service types, or will leave the ECE sector, from 2021/22.
- 47 The amount of FCHs leaving the home-based ECE sector will gradually increase if more educators leave the workforce and services close. To cost the transition profile, the Ministry has estimated that by 2023/2024, up to 20% of FCHs may move into other service types or unsubsidised informal care arrangements.

### *The impacts of moving to a qualified educator workforce*

- 48 The implementation of the changes will help to increase the quality of home-based ECE. The changes will provide assurance of the quality of home-based ECE and improve educational experiences for children. This links to Child and Youth Wellbeing Strategy Outcome that children and young people and learning and developing.
- 49 The new qualification requirements will likely result in some educators leaving the workforce, and some service providers leaving the market. Educators most likely to leave the workforce will be those who choose not to undertake the qualification, either due to lack of willingness or ability, or because they cannot meet the language prerequisites.
- 50 Funding was approved in Budget 2019 to translate the qualification into languages other than English. This will enable some educators who are not proficient in English to undertake the qualification and provide quality home-based ECE to children in migrant communities.
- 51 COVID-19 may also have an impact on the number of educators that decide to take up the Level 4 ECE qualification. The transition to a qualified workforce, at least in the short-term, could be slower if educators are reluctant to study, or there are fewer Level 4 ECE courses available.
- 52 The providers who leave the market are likely to be au pair services, services that engage family members as educators, such as grandparents, and services that specialise in short term care arrangements. Au pair services will likely continue unfunded by government and may cost parents more. The Ministry does not collect information on fees so cannot robustly estimate the financial impacts on these parents.
- 53 Home-based ECE services leaving the sector is likely to result in an increased demand for education and care services, particularly for children aged three and four. This is because education and care services are more likely to offer a similar choice of hours to home-based ECE than other service types.



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- 54 A reduction in the availability of home-based services and educators may also impact on some parents and whānau if they are unable to fund other ECE arrangements for their children. Where parents are able to find other ECE arrangements for their children, it may cost them more and in some cases may be unaffordable. The Ministry is unable to quantify the potential impacts.
- 55 These changes are not expected to have a big impact on Out of School Care and Recreation (OSCAR) before and after school programmes funding by the Ministry of Social Development (MSD). There are 49 home-based services that also operate OSCAR programmes. Of these 49, up to four services would be impacted because they either employ au pairs, or have some au pairs on their books. The remaining services may experience little to no impact depending on how many of their educators undertake the qualification.

### Financial Implications

- 56 Based on the estimated transition profile, there are three parts to the cost of the transition:
- 56.1 the cost of an increasing number of services on the standard rate moving to the quality rate and a new system with a single quality rate
  - 56.2 the cost of service providers leaving the home-based ECE market and the children from these services moving into other service types
  - 56.3 the savings from service providers leaving the home-based ECE market and children not transferring into other ECE service types
- 57 The cost of these elements is estimated to be \$16.072 million over four years. The majority of this cost (\$13.500 million) relates to the additional cost associated with children attending education and care centres rather than home-based services. I will not be seeking any additional funding to cover the cost of the transition.
- 58 A package of \$36.150 million over four years has been approved as part of Budget 2020. This covers the cost of the transition, fees assistance for educators, support for educators through visiting teachers, a 3.8% rate increase to the quality rate, and changes to Ministry IT systems.

*Table 6: Transitioning the new home-based ECE system – Budget 2020 initiative*

Input – Operating	Funding profile (\$m) – excludes GST				
	2020/21	2021/22	2022/23	2023/24 & out years	Total
Transition costs	1.420	2.211	5.875	6.566	16.072
Fees Assistance	0.764	0.779	0.530	0.541	2.614
Visiting Teacher Support	1.496	1.496	1.496	1.496	5.984
Quality rate increase	0.722	2.425	3.220	4.069	10.436
IT systems	0.384	0.220	0.220	0.220	1.044
<b>Total</b>	<b>4.786</b>	<b>7.131</b>	<b>11.341</b>	<b>12.892</b>	<b>36.150</b>

- 59 During the consultation in 2018, educators identified the cost of study as a barrier to enrolling in study. This was particularly the case for educators from low socio-

economic backgrounds. To help with this, fees assistance has been approved for those that are not eligible for fees-free tertiary education.

- 60 The Ministry was informed during consultation, and by the HSRIG, that visiting teachers will have an additional workload during the transition period. Funding has been approved to enable visiting teachers to provide extra support to educators during the transition period. Visiting teacher support will start on 1 July 2020. It is an additional five hours per week to support standard funded services with educators studying for the Level 4 ECE qualification.
- 61 To recognise the place that home-based ECE holds in the wider ECE sector, a funding rate increase of 3.8% has been approved for the quality rate only from 1 January 2021. This will be on top of the cost adjustment of 1.6%, which is also effective from 1 January 2021.
- 62 Funding has also been approved for Ministry IT systems in order to increase the Ministry's oversight and monitoring of the sector as it transitions to a qualified workforce. This will enable the regular collection of information from service providers, including educator qualification status.

#### **Proposed licensing changes for home-based ECE services**

- 63 In February 2019, Cabinet noted that the Ministry would explore changes to licensing [CBC-19-MIN-0002 refers]. In December 2019, I agreed that the Ministry would test some licensing changes for home-based ECE with the HSRIG and that these would be finalised ahead of this paper going to Cabinet. However, I now consider that seeking agreement to licensing changes is premature.
- 64 I propose seeking Cabinet agreement to licensing changes as part of the Review of the Early Learning Regulatory System. The Ministry intends to consult on proposed changes in April/May 2021.

#### **Legislative Implications**

- 65 There are legislative implications arising from the changes in this paper. The qualification requirements for the standard rate will require a regulatory change. The regulations will need to be in place by 1 January 2022 when the Ministry starts to lift the requirements for the standard rate.
- 66 The changes to the regulations will take place as part of the Regulations Review. It is considered that this will be completed during 2021 in time for 1 January 2022.

#### **Impact Analysis**

##### **Regulatory Impact Statement**

- 67 A Regulatory Impact Assessment was prepared and attached to the Cabinet paper submitted in January 2019 seeking agreement to the changes arising out of the Review of Home-based ECE [CBC-19-MIN-0002] and is available at: <https://treasury.govt.nz/publications/risa/review-home-based-early-childhood-education>.
- 68 Treasury's Regulatory Quality Team has determined that the proposals in this paper to gradually implement the regulatory changes are exempt from the requirement to provide regulatory impact analysis on the grounds that the gradual transition is expected to have minor impacts on individuals, business and not-for-profit entities.

## Climate Implications of Policy Assessment

69 There are no climate change implications arising from this paper.

## Population Implications

70 The implications for affected population groups are summarised in the table below.

Population group	How the proposal may affect this group
Children	The proposals increase the quality of education and care for children. A level 4 ECE qualification prepares graduates to work in early learning environments and has a focus on effective communication with children. Evidence suggests that teacher qualifications are linked to quality interactions with children.
Whānau and families	Some educators may choose not to undertake study and will eventually exit the home-based sector, which will affect the availability of provision in some areas. Some parents and whānau may have to find alternative ECE arrangements, and in some extreme cases they may have to leave the workforce temporarily to care for their children.
Educator workforce	<p>The main barriers identified by educators to completing a qualification were language, cost, and time. Older women in particular may choose not to complete the qualification.</p> <p>The qualification requirement is likely to disproportionately impact on the refugee and migrant communities, mainly because educators in these communities are less likely to meet the English language proficiency requirements for the qualification. Budget 19 provided funding for the Level 4 qualification into other languages. This will support some educators with limited or no English to complete the qualification, but is unlikely to cover all languages.</p> <p>Some educators may continue to provide informal care arrangements for families. This is more likely to occur where educators are providing ECE to family members such as grandchildren, nieces and nephews for example. Home-based services will not be able to claim funding for these educators.</p>
Māori	<p>In 2019, Māori children accounted for 17% of enrolments (about 2900 children) in home-based ECE. This is lower than the average of 24% of Māori children across all licensed ECE services in 2019.</p> <p>The Ministry estimates that up to 175 Māori families may leave the home-based sector or move into informal care arrangements over four years.</p> <p>Te Ara Tuarua (the level 5 kōhanga reo qualification) is being recognised as equivalent to the Level 4 ECE qualification. Those with the higher Tohu Whakapakari can also work as home-based educators. This is consistent with our commitment to the revitalisation of te reo Māori.</p>

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Population group	How the proposal may affect this group
Pacific	<p>In 2019, Pacific children accounted for 16% of enrolments (2753 children) in home-based ECE compared with an average of less than 5% across all licenced ECE services.</p> <p>Some areas, such as south Auckland, have a high concentration of Pacific home-based ECE providers, particularly Tongan. These changes may impact on these service providers if the Level 4 ECE qualification is not available in their language or educators cannot meet the English language proficiency test for the qualification.</p> <p>A fund has been set up to enable TEOs to develop level 4 ECE programmes contextualised for delivery into other languages. Programme development funding will be prioritised with the aim of maximising the number of non-English speaking educators who complete the Level 4 ECE qualification and is likely to include Pacific languages.</p>
Migrant communities	<p>Children from migrant communities account for a proportion of those ethnicities identified as other, not applicable or unknown. There are an estimated 101 services with minority languages spoken at least 12% during teaching time. For 43 of these services, minority languages are spoken more than 50% during teaching time.</p> <p>Home-based ECE is a good choice for migrant communities as educators can offer ECE in the child's home language. It is highly unlikely that the programme leading the Level 4 ECE qualification can accommodate all languages spoken by the educator workforce. So some of the smaller migrant groups are likely to be affected as some educators' English language skills will not be proficient enough to meet the requirements for the Level 4 ECE qualification.</p>
Women	<p>Ninety-five percent of home-based ECE educators are women. Implementing the changes will support the professionalisation of women in the workforce and improve employment opportunities over the next five years and into the future. People with qualifications at level 4 and above tend to have greater earning potential and better employment outcomes than those with lower level or no qualifications.</p>
Disabled children	<p>The Ministry lacks data on how many disabled children attend home-based ECE services, so cannot assess the effects on this group of children.</p> <p>During consultation in 2018, staff from some of the Ministry's regional early intervention teams reported that home-based ECE providers tend to refer children later than their counterparts in centre-based ECE. This may be due to a lack of educators' knowledge of child development and coordinators who lack knowledge of referral pathways to specialist support.</p>

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Population group	How the proposal may affect this group
	Introducing minimum qualification requirements for educators and strengthening the role of the coordinator should address some of these issues.

### Treaty of Waitangi implications

71 As part of consultation in 2018, the Ministry engaged and sought the perspectives of two Māori service providers and educators from Tauranga and Kaitiāia. These two service providers, along with representatives from Te Kōhanga Reo National Trust (TKRNT), contributed to the design of the proposals in this paper as members of the Home-based Sector Reform Implementation Group.

72 s 9(2)(f)(iv)

73 s 9(2)(f)(iv)

74 s 9(2)(f)(iv)

### Human Rights

75 There are no human rights implications arising from this paper.

### Consultation

76 The Treasury, State Services Commission, Ministry of Social Development, Ministry of Health, Ministry of Business, Innovation and Employment, Oranga Tamariki-Ministry for Children, Te Puni Kōkiri, Ministry for Pacific Peoples, New Zealand Qualifications Authority, the Tertiary Education Commission, and the Education Review Office have been consulted on this paper.

77 The Department of Prime Minister and Cabinet has been informed.

### Communications

78 I intend to announce these decisions for the home-based ECE sector together with the Budget 2020 decisions for home-based ECE shortly afterwards.

### Proactive Release

79 This paper will be released and any information which may need to be withheld will be done so in line with the provisions of the Official Information Act 1982.

## Recommendations

The Minister for Education recommends that the Committee:

- 1 **note** that in February 2019, Cabinet agreed to move towards a qualified home-based ECE workforce, with all educators eventually being required to hold, or be actively working toward, a Level 4 ECE qualification or Te Ara Tuarua (the level 5 kōhanga reo qualification) or higher [CBC-190MIN-0002 refers]
- 2 **note** that educators who currently hold a Level 3 ECE qualification will be recognised as having equivalent to a Level 4 qualification in the new system [CBC-190MIN-0002 refers]
- 3 **agree** to a single quality rate for home-based ECE services from 1 January 2025, with a requirement for 80% of educators to hold at least a Level 4 ECE qualification, Te Ara Tuarua, a grand-parented Level 3 qualification or a primary teacher qualification, and for the remaining 20% of educators be in training or induction
- 4 **agree** that educators would have up to six months for induction before they would be required to be enrolled in the Level 4 ECE qualification or Te Ara Tuarua, and would have two years to complete the qualification
- 5 **agree** to the introduction of a minimum percentage of qualified educators for all home-based ECE services from 1 January 2022 to be increased annually, which will require a change to the Education (Early Childhood Services) Regulations 2008
- 6 **agree** that lifting the criteria for the quality rate will begin on 1 January 2021
- 7 **note** that \$36.150 million has been approved as part of Budget 2020 for the financial implications arising from the changes and to support the transition to a qualified educator workforce
- 8 **note** that I expect these changes will impact on the home-based ECE sector with up to 20 percent of funded child hours leaving home-based ECE by the end of 2024 and moving into other ECE service types or to unsubsidised informal care type arrangements

Authorised for lodgement

Hon Chris Hipkins

Minister for Education



# Cabinet Social Wellbeing Committee

## 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.*

### Implementation of the Home-based Early Childhood Education Review Decisions

Portfolio                      Education

On 17 June 2020, the Cabinet Social Wellbeing Committee:

- 1        **noted** that on 29 January 2019, the Cabinet Business Committee agreed to move towards a qualified home-based ECE workforce, with all educators eventually being required to hold, or be actively working toward, a Level 4 ECE qualification or Te Ara Tuarua (the level 5 kōhanga reo qualification) or higher [CBC-19-MIN-0002];
- 2        **noted** that educators who currently hold a Level 3 ECE qualification will be recognised as having equivalent to a Level 4 qualification in the new system;
- 3        **agreed** to a single quality rate for home-based ECE services from 1 January 2025, with a requirement for 80 percent of educators to hold at least a Level 4 ECE qualification, Te Ara Tuarua, a grand-parented Level 3 qualification or a primary teacher qualification, and for the remaining 20 percent of educators be in training or induction;
- 4        **agreed** that educators would have up to six months for induction before they would be required to be enrolled in the Level 4 ECE qualification or Te Ara Tuarua, and would have two years to complete the qualification;
- 5        **agreed** to the introduction of a minimum percentage of qualified educators for all home-based ECE services from 1 January 2022 to be increased annually, which will require a change to the Education (Early Childhood Services) Regulations 2008;
- 6        **agreed** that lifting the criteria for the quality rate will begin on 1 January 2021;
- 7        **noted** that \$36.150 million has been approved as part of Budget 2020 for the financial implications arising from the changes and to support the transition to a qualified educator workforce;

- 8 **noted** that the Minister of Education expects these changes will impact on the home-based ECE sector with up to 20 percent of funded child hours leaving home-based ECE by the end of 2024 and moving into other ECE service types or to unsubsidised informal care type arrangements.

Vivien Meek  
Committee Secretary

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**Present:**

Rt Hon Winston Peters  
Hon Kelvin Davis  
Hon Grant Robertson  
Hon Dr Megan Woods  
Hon Chris Hipkins  
Hon Andrew Little  
Hon Carmel Sepuloni (Chair)  
Hon Nanaia Mahuta  
Hon Kris Faafoi  
Hon Tracey Martin  
Hon Willie Jackson  
Hon Aupito William Sio  
Hon Poto Williams  
Hon Julie Anne Genter  
Jan Logie, MP

**Officials present from:**

Office of the Prime Minister  
Department of the Prime Minister and Cabinet  
Office of the SWC Chair





# Cabinet

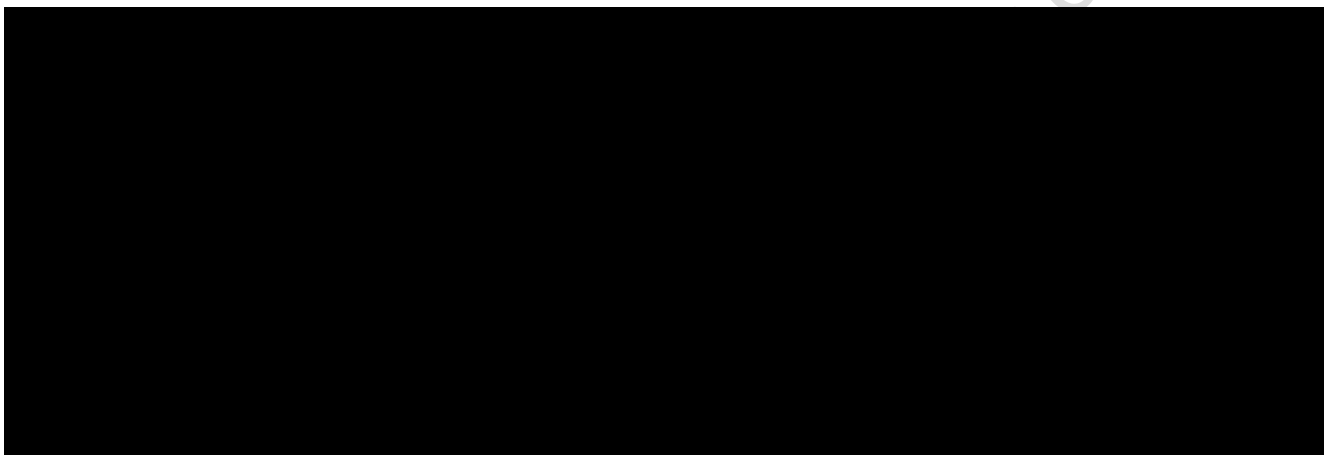
## Minute of Decision

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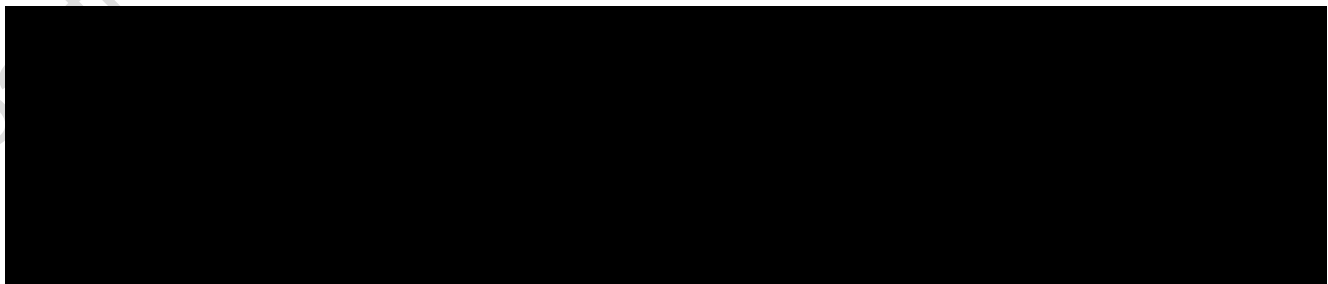
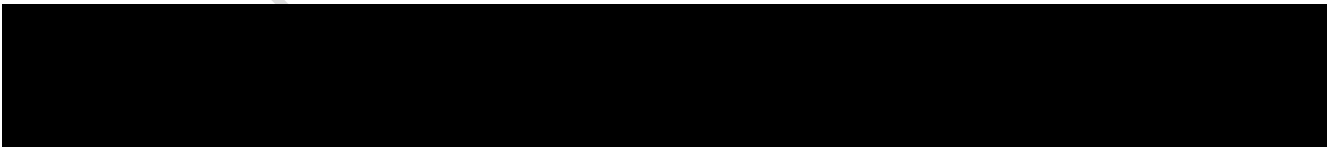
**Redactions made as content out of scope of Minister's portfolio responsibilities**

### **Report of the Cabinet Social Wellbeing Committee: Period Ended 19 June 2020**

On 22 June 2020, Cabinet made the following decisions on the work of the Cabinet Social Wellbeing Committee for the period ended 19 June 2020:



SWC-20-MIN-0078   **Implementation of the Home-based Early Childhood Education Review Decisions**   CONFIRMED  
Portfolio: Education





Michael Webster  
Secretary of the Cabinet

Proactively Released by the Minister of Information