

## Education Report: Next steps for addressing Playcentre Aotearoa's sustainability concerns

<b>To:</b>	Hon Chris Hipkins, Minister of Education Hon Tracey Martin, Associate Minister of Education		
<b>Date:</b>	05/06/2020	<b>Priority:</b>	High
<b>Security Level:</b>	Budget Sensitive	<b>METIS No:</b>	1230849
<b>Drafter:</b>	Cara des Landes	<b>DDI:</b>	s9(2)(a)
<b>Key contact and number:</b>	John Brooker	<b>DDI:</b>	
<b>Messaging seen by Communications team:</b>	No	<b>Round robin:</b>	Yes

### Purpose of report

This paper seeks your direction on providing short-term funding to support playcentres.

### Recommended Actions

The Ministry of Education recommends you:

- a. **agree** to seek Cabinet agreement to draw down \$4.2 million from the *Sustaining the Early Learning Network* tagged contingency, with \$3.7 million provided to Playcentre Aotearoa and \$500,000 provided to the Ministry to commission a third party to undertake a condition assessment of playcentre properties

Minister of Education ☒ **Agree** ☐ **Disagree**

Associate Minister of Education **Agree / Disagree**

- b. **indicate** whether the \$3.7 million provided to Playcentre Aotearoa should be:

#### EITHER

- a. tagged for purposes agreed to between the Ministry and Playcentre Aotearoa, such as property maintenance

Minister of Education ☒ **Agree** ☐ **Disagree**

Associate Minister of Education **Agree / Disagree**

#### OR

- b. provided unconditionally as a one-off grant

Minister of Education ☒ **Agree** ☐ **Disagree**

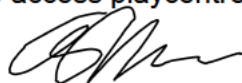
Associate Minister of Education **Agree / Disagree**

- c. **agree** to seek in-principle Cabinet agreement to ring-fence an additional \$4.0 million for Playcentre Aotearoa in the *Sustaining the Early Learning Network* tagged contingency

Minister of Education **Agree** / Disagree

Associate Minister of Education **Agree** / Disagree

- d. **agree** to limit the scope of ongoing co-design work with Playcentre Aotearoa to supporting the organisation to review their operating model, ~~with the aim of allowing more volunteer parents to access playcentre~~



Minister of Education **Agree** / Disagree

Associate Minister of Education **Agree** / Disagree

### Proactive Release Recommendation

- e. **agree** that this Education Report is not proactively released at this time because the information it contains is Budget sensitive

Minister of Education **Agree** / Disagree

Associate Minister of Education **Agree** / Disagree



John Brooker  
Group Manager  
Education System Policy

05/06/2020



Hon Chris Hipkins  
Minister of Education

05/06/2020

Hon Tracey Martin  
Associate Minister of Education

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## Background

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1. We provided joint Ministers further advice on addressing Playcentre Aotearoa's sustainability concerns following Budget 20 announcements [METIS 1229775 refers]. This was discussed at the agency meeting on Tuesday 2 June. This report seeks to formalise and clarify decisions communicated at that meeting.

## Providing Playcentre Aotearoa with short-term funding

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2. At the agency meeting on 2 June, joint Ministers agreed to provide short term funding to Playcentre Aotearoa for the 2020/21 financial year, with a second year of funding held in a tagged contingency. The figure proposed for the 2020/21 year is based on Playcentre Aotearoa's requested amount of \$3.7 million, with an additional \$500,000 for a condition assessment of playcentre properties.
3. We seek your confirmation of the purpose and disbursement of the \$3.7 million. A grant to replace lost playcentre fundraising was discussed at the meeting. Providing funding in this way would have no requirements attached and Playcentre Aotearoa would have flexibility on its use. Playcentre Aotearoa's request related mainly to property improvements. If the funding is intended for property improvements, we recommend the funding is provided via a contract that specifies work to be undertaken.

## The *Sustaining the Early Learning Network* tagged contingency

4. On 11 May, Cabinet agreed to \$206 million of time-limited funding to support the ongoing viability of early learning services, subject to a preferred allocation approach. The funding is only available for the 2020/2021 financial year.
5. Cabinet agreed that Minister Hipkins would report back to Cabinet on the preferred allocation approach by June 2020. The Ministry is still in the process of developing options for allocation to inform the report back. Due to this, we recommend you seek Cabinet's agreement to draw down funding for Playcentre Aotearoa now, and provide a further report back on the remaining funds in July.
6. We recommend seeking Cabinet agreement to draw down \$4.2 million from the *Sustaining the Early Learning Network* tagged contingency. \$3.7 million will be provided to Playcentre Aotearoa and \$500,000 will be provided to the Ministry to commission a third party to undertake a condition assessment of playcentre properties.
7. We also recommend seeking in-principle Cabinet agreement to ring-fence an additional \$4.0 million for Playcentre Aotearoa in the contingency. This funding could be used to address property costs arising from the condition assessment. The Treasury's preferred approach is to ring fence funding in the existing contingency, rather than create a new tagged contingency.
8. You would need to seek Cabinet agreement to draw it down before the expiry of the contingency on 1 February next year. Funding is able to be drawn down for the following financial year. Alternatively, you could extend the contingency expiry date and rephase the funding.

## Co-designing a funding model with Playcentre Aotearoa

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9. The Early Learning Action Plan 2019-2029 contains an action for the Ministry to 'co-design an appropriate funding model with Playcentre Aotearoa. The Ministry began working with the organisation on this action in July last year.
10. To date, Playcentre Aotearoa has focused these discussions on increasing funding rates to enable a paid person responsible at all playcentre sessions. Playcentres have been increasingly paying for persons responsible, but current funding is not sufficient to accommodate this. The organisation considers that if funding enabled all playcentre sessions to run with a paid person responsible, they could give certainty to their workforce. They believe this could also provide an employment pathway for parents who want to stay in playcentre even after their children have started school.
11. At the agency meeting on 2 June, joint Ministers were uncomfortable with the direction of having a paid person responsible for all playcentre sessions. Instead, Ministers consider that Playcentre Aotearoa should re-examine their model with a view to returning to a volunteer workforce. This could include, for example, redeveloping their education programme to lead to a level 3 qualification rather than a level 4 qualification.
12. We seek your agreement to limit the scope of ongoing work with the organisation to supporting a review of their operating model, with the aim of allowing more volunteer parents to access playcentre. We will communicate to the organisation that joint Ministers do not support an operating model that relies on paid persons responsible.

## Next steps

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13. The timeframes below outline the process for the Cabinet paper. As the Cabinet paper will seek agreement to draw down a tagged contingency, Minister Hipkins will need to consult with the Minister of Finance prior to lodging with the Cabinet Office.

Stage	Timeframe
Education Report to Ministers for decision	Fri, 5 June
Ministers make decisions	Mon, 8 June
Ministry provides draft Cabinet paper	Wed, 10 June
Agency and Ministerial consultation	Wed, 10 June – Wed, 17 June
Lodge Cabinet paper	Thur, 18 June
Cabinet paper considered by SWC	Wed, 24 June
Cabinet paper considered by Cabinet	Mon, 29 June