

2025 Early Childhood Education Funding Review Ministerial Advisory Group

Overview of Home-Based Services

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Introduction

Home-based provision as defined in legislation

The Education and Training Act 2020 and the Education (Early Childhood Services) Regulations 2008 set requirements for licensed home-based education and care services:

Licensed home-based services provide education and care in home settings for children who are under the age of 5 years, or who are 5 years of age but have not started attending school. The service may be provided in an educator's home, the child's own home or a home nominated by the child's parent. Educators must be paid or receive some quantifiable benefit for the service they provide.

Home-based education and care services may be provided to no more than four children per home, including up to two under 2 years old.^{1,2}

Home-based services are supervised by the person responsible (commonly known as coordinators or visiting teachers) who are certificated teachers. Homes are grouped together under a service licence, the person or organisation that operates the group of homes is the service provider.

Home-based services do not have to be licensed. Families can make their own childcare arrangements in their own or another person's home that are not a licensed early childhood service. Services that choose to operate without a licence are not eligible for the Government's ECE funding. The Ministry does not collect data on non-licensed services, or private arrangements that do not qualify for Ministry of Education funding.

Benefits of home-based provision

Home-based ECE services can offer various benefits to families, including:

- flexible education and care arrangements that can be delivered in the home, including outside of standard hours and during weekends;
- small group sizes and adult to child ratios;
- opportunities for children who share a first language and culture with their educator to develop confidence in their cultural identity;
- additional education and care provision outside hours attended at centre-based services for children enrolled in both service types; and/or
- local provision for families living in rural and remote areas.

¹ unless they are siblings. If more than 3 siblings aged under 2 years are receiving education and care, in the same home at the same time, there needs to be 2 educators present.

² While children are participating in the service, the total number of children present in a home in which the service is provided may not be more than six. This number includes children receiving the service, and any other children aged 13 years or younger, excluding the educators' own children who are enrolled at school.

Roles within home-based early childhood education

The Education (Early Childhood Services) Regulations 2008 define four key roles of responsibility in a home-based education and a care service: the service provider, the contact person, the person responsible and the educator. Each role has distinct responsibilities to support quality, safety, and compliance of the service with the Regulations.

Service provider

The service provider is a body, agency, or person that provides or offers to provide education and care for children. While service providers are commonly structured as companies, they may be any other legal entity type.

The service provider is the holder of the licence to operate the home-based service. They are legally responsible for ensuring that all aspects of the service comply with the Education (Early Childhood) Regulations 2008, licensing criteria and funding conditions.

To meet regulatory requirements, the service provider must:

- maintain a list of homes used in connection with the service;
- ensure each home complies with the Regulations;
- recruit persons responsible to fulfil their licensing requirements;
- obtain police vetting for all educators and any adults aged 17 or over who live in the home used in connection with the service;
- ensure educators are provided with adequate equipment, resources, support, advice and training in early childhood education; and
- keep a record of all educators home-based qualifications and enrolments in courses offering home-based service qualifications.

The service provider delegates day-to-day operational oversight to the person responsible but retains legal accountability.

Contact person

The contact person is a person nominated by the service provider to represent its management, and this person's name is displayed on the Certificate of Licence. The service provider is legally responsible for meeting regulatory requirements, not the contact person. But the contact person must:

- be able to respond to the Ministry of Education as soon as practicable on any issue relating to licensing;
- have authority to act on behalf of the service provider; and
- reside locally (defined in practice as being within the geographical boundaries of the local Ministry of Education office).



Person responsible

The person responsible (often known as the coordinator or visiting teacher) holds primary responsibility under the Education (Early Childhood) Regulations 2008 for:

- overseeing the education and care of children in the service;
- ensuring the comfort, health, and safety of the children; and
- providing professional leadership and support to the educators working within the service.

Persons responsible must hold an ECE teaching qualification recognised by the Teaching Council of Aotearoa New Zealand for registration purposes, and hold a current practising certificate. The Regulations require that there must be one person responsible for every 50 children in attendance.

The Regulations require the person responsible to:

- supervise children and educators at all times children attend the service;
- contact each educator engaged in the service at least once per fortnight;
- visit each educator engaged in the service at least once per month;
- take all reasonable steps each month to observe each child while that child is receiving education and care, including monitoring individual learning plans;
- provide professional leadership and support to educators, including providing advice and training; and
- support educators and families.

Unlike in centre where the person responsible must be on site, persons responsible in home-based services are not typically present while educators run their sessions. However, they still need to take measures to supervise children and educators 'at all times'. In practice, this requirement is met if the person responsible is available at all times children attend and they fulfil all their other duties and responsibilities set out in the Regulations as described above.

Educator

The educator is responsible for providing education, care, and comfort for up to four children at a time, while also ensuring their health and safety within the service. Educators are also known by other names, such as nanny, au pair, educarer, or home-based carer. As outlined above, educators receive professional support and oversight from the person responsible.

An educator must:

- be aged 17 years or over;
- hold a first aid qualification; and
- hold a home-based service qualification or within six months of starting employment, begin working towards a relevant qualification and complete it within a specified timeframe.



Home-based service qualifications

Recognised home-based service qualification are specified under the Education (Early Childhood) Regulations 2008:

- a Level 4 or higher ECE qualification listed on the New Zealand Qualifications Framework or
- an early childhood qualification recognised by the Teaching Council of Aotearoa New Zealand for registration purposes
- a Level 3 ECE qualification completed before 1 June 2022
- a primary teaching qualification
- a level 5, or above, qualification developed by Te Kōhanga Reo National Trust Board.

Home-based service qualification need to be completed within specified timeframes:

- If the qualification is an early childhood teaching qualification at Level 7 or above, it should be completed within 4 years of enrolment.
- Any other qualification should be completed within 2 years of enrolment.



Operating models and fees

Operating models

There are two predominant models of home-based education and care services operating in New Zealand:

- A service provider employs or engages an educator as a contractor directly and then places them with a family or families.
- A service provider brokers the relationship between educators and families. The families then employ or contract the educator directly.

Irrespective of the model used, service providers as the licence holders remain directly responsible for delivering education and care services in homes, in accordance with the regulations and licensing criteria.

Parental fees in home-based services

Home-based services typically split funding responsibilities. Parents contract with educators to pay them directly, unlike other service types. Parent fees are usually set by educators and can vary from educator to educator within a network. Parent fees are usually charged per hour and go directly to educators. Providers do not necessarily have oversight over the parent fees charged by their educators, though some providers offer platforms to help facilitate these payments. For example, Barnardos Early Learning and Home2Grow offer payroll platforms, and Seedlings Education subsidises the cost of a payroll system to their preferred third party.

Parental top up fees for 20 hours ECE

Service providers will generally pass-through a portion of the 20 Hours ECE funding payment to the educator. This 'pass-through' per funded child hour may be lower than the educator's usual hourly fee. Where the pass-through is lower than their hourly fee for hours outside of 20 Hours ECE educators may charge a "home-based educator 'top up' fee" per child. The home-based educator top up payment must not be more than the difference between the pass-through and the hourly fee for each child for the hours outside of 20 Hours ECE as outlined in the [Funding Handbook section 4-3](#).

In general, the Ministry of Social Development does not provide Childcare Subsidy for the same hours covered by the 20 Hours ECE subsidy. The only exception is when home-based educator top-up fees are charged for those hours. In these cases, the 20 Hours ECE payment abates the amount of Childcare Assistance payment that the Ministry of Social Development will fund.

Optional charges and donations

As with other service types, home-based services can request payments for optional charges for items and activities above the regulated requirements and/or seek donations from parents.

Sector Profile

Home-based provision

As of August 2025, there are 241 licensed home-based services. The median licence size is 60 child places, the maximum licence size is 100 in line with the Regulations. Each licence must be operated within a geographic region aligning with the local Ministry of Education office's regional boundaries. Note, that the licence numbers do not necessarily provide a good overview of the number of spaces available, as service providers may not have enough educators to fulfil their maximum licence size.

The home-based sector is largely made up of small to medium operators, with 49% of service providers holding one to three licences (Figure 1). There are only five service providers that operate more than 10 licences.

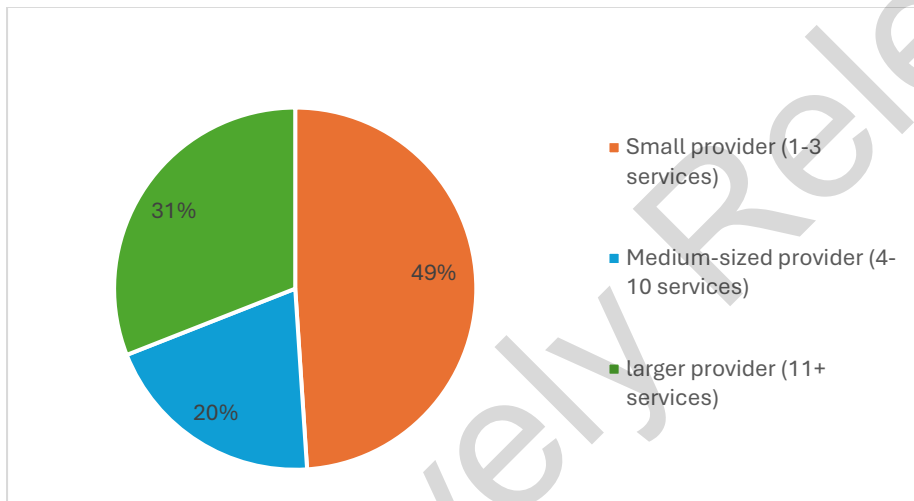


Figure 1. Ownership by provider size as of June 2025

Small private operators account for the majority of services within the sector. There was rapid expansion of the sector from the mid-2000s until 2015 (discussed in the section ‘

Home-based provision trends 2002 to 2025 ' below), coinciding with a shift in ownership models to predominately (90%) privately owned services (Figure 2). Community based services could reflect various operating structures including charitable, statutory or community trusts owned by a community organisation.

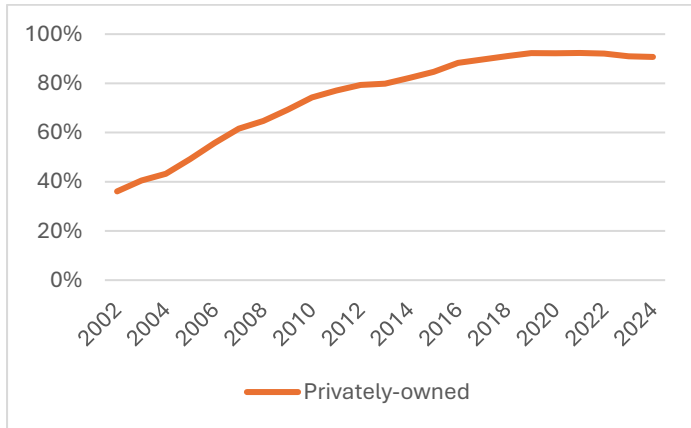


Figure 2. Change in ownership models over the past 20 years to predominantly privately owned services in the home-based sector

Operating hours

Home-based provision may allow for broader flexibility for parents to negotiate booking hours than other services, particularly for families that employ or contract the educator directly.

Home-based services have longer average operating hours (13.1h per day) compared to centre-based, teacher-led services (Table 1). Educators are more likely to offer weekend provision than centre-based services. For example, during the weekend of 29th and 30th March 2025, 94 home-based services were operating with children attending between 4.3 and 15.5 hours per day. In comparison only one education and care service was open that weekend, with children attending 5 hours per day.

Table 1. Daily Operating Hours for the week (24th March 2025 to 30th March 2025)

Service Type	Operating Hours		
	Average	Min	Max
Education & Care	9.8	4.0	15.0
Kindergarten	6.7	5.3	11.0
Home-based	13.1	6.0	24.0
Overall	9.4	4.0	24.0

Since 2015, there is a higher average weekly attendance (hours) in home-based services than either kindergarten and education and care, with children attending for an average of 25 hours per week in 2024 (Figure 3).

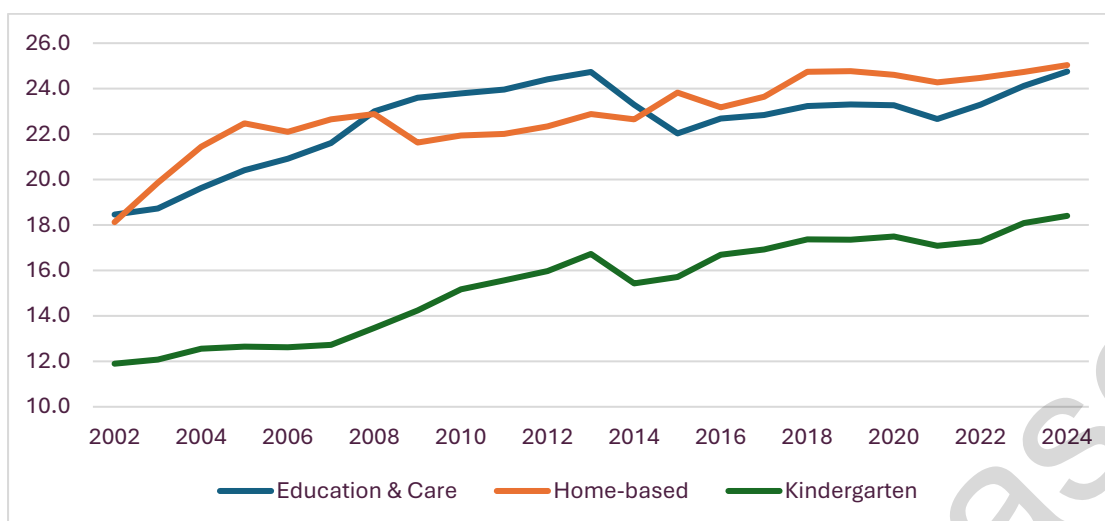


Figure 3. Average weekly attended hours in teacher-led ECE services (during the ECE census week)

Children in home-based services also tend to attend a higher proportion (90% over the first 6 months of 2025) of booked hours than both kindergartens (77%) and education and care services (76%). The higher proportion of attendance may reflect the flexibility for home-based services to adjust to actual need. In comparison some centre-based services providers have enrolment policies that may require full day bookings even though in practice children only attend a portion of this time.

The average booked and attended hours per day per child are similar across all service types. For the snapshot week of 24 to 30 March 2025, the maximum booked and attend hours per child per day was from a home-based service (Table 2).

Table 2. Daily Attended and Booked Hours for the week (24th March 2025 to 30th March 2025)

Service Type	Attended Hours			Booked Hours		
	Average	Min	Max	Average	Min	Max
Education & Care	6.8	1.5	8.5	7.5	1.8	10.2
Kindergarten	5.7	4.7	7.7	6.0	4.8	8.4
Home-based	6.1	3.8	10.3	6.2	3.8	10.3
Overall	6.6	1.5	10.3	7.2	1.8	10.3

Demographics

All home-based services are licensed to cater for under 2-year olds. There is a balanced age distribution across home-based services (

Figure 4). Nearly one third of children who attend home-based services are under 2 years old. The age distribution is younger than all service types except Playcentre. This may reflect a preference for some parents to enrol infants and toddlers in home-based service over larger centre-based services but could also indicate a lack of availability of under 2 places in centre-based settings.

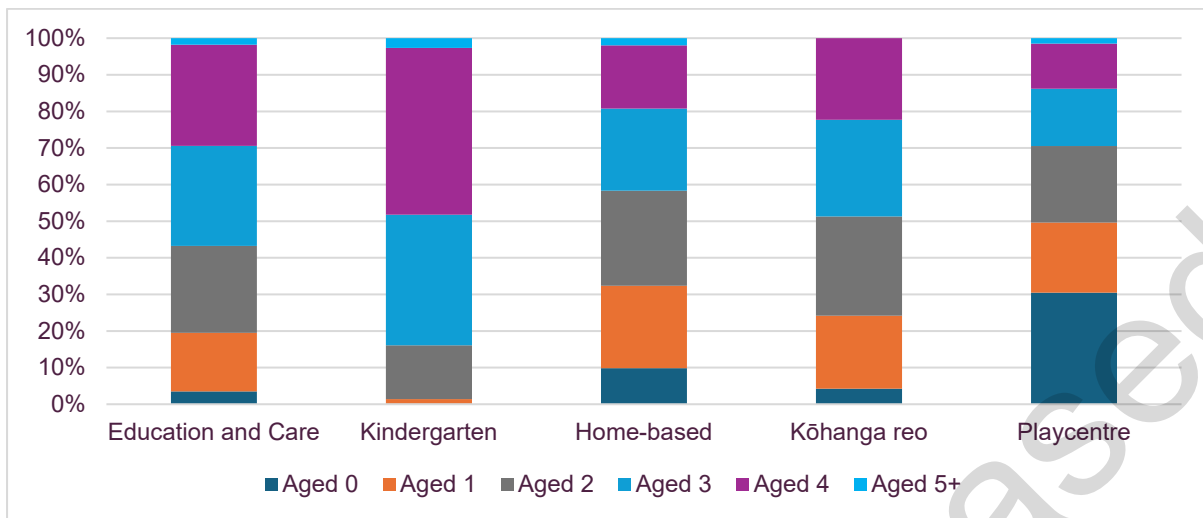


Figure 4. Enrolments by service type, as at June 2024

Home-based services have a larger percentage of Asian and Pacific children than other service types (Figure 5) reflecting the ability for educators to connect through language and culture. One quarter of home-based services provide a bilingual or immersion education and care in a language other than English, with Tongan and Mandarin being the most common languages of provision in bilingual and immersion.

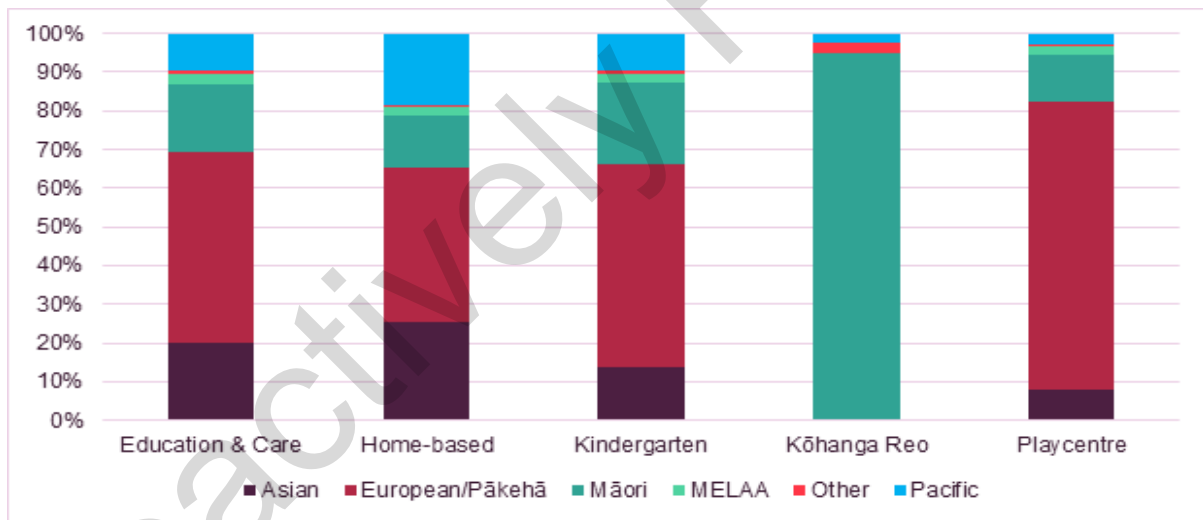


Figure 5. Ethnicity profile of children attending licensed ECE services, as at June 2024³

Service distribution

Educators operating under a single licence may be distributed throughout the geographic region serviced by their regional Ministry of Education office.

As of August 2025, there are 4200 self-reported distinct education addresses⁴ recorded for home-based educators (Table 3). Most home-based early childhood education services are

³ Ethnicity is counted on a total ethnicity basis, counting children once under each reported ethnicity.

⁴ Self-reported home-based early learning attendance locations: this could be either (1) the child's home address if the educator came to the child's home; or (2) the educator's home address if the child went to the educator's home; or (3) another child's home address if the child went to another child's home.

concentrated in major urban centres (Figure 6), reflecting where most families live and work. There are 260 rural locations supporting access to early childhood education in rural and isolated communities.

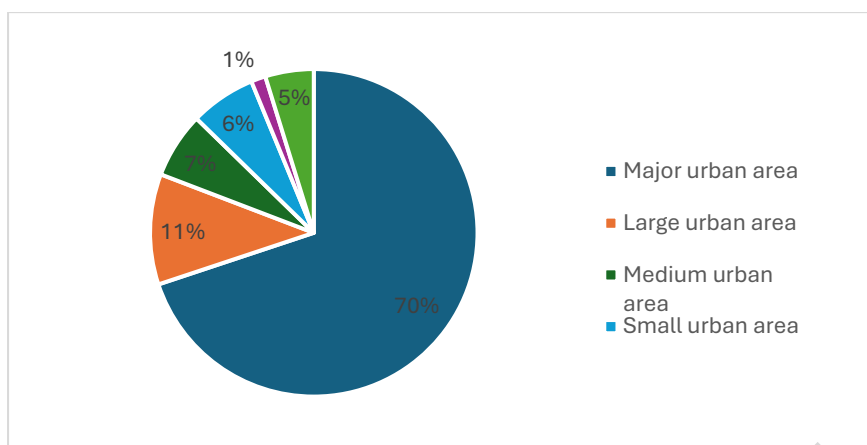


Figure 6. Home-based learning provision by location

Over half the education addresses for home-based services are located in the Auckland region (Table 3), mostly within Auckland's urban boundaries (Table 4).



Table 3. Home-based early learning attendance locations, August 2025

Regional Council	Count
Northland	86
Auckland	2488
Waikato	254
Bay of Plenty	123
Gisborne	16
Hawke's Bay	122
Taranaki	62
Manawatū-Whanganui	198
Wellington	237
Tasman	27
Nelson	26
Marlborough	39
West Coast	12
Canterbury	307
Otago	108
Southland	74
Addresses not geocoded due to insufficient address information	31
Total	4200

Table 4. Home-based early learning attendance locations, Auckland region, August 2025

Auckland Local Board Area	Count
Howick	317
Upper Harbour	230
Manurewa	191
Henderson-Massey	179
Ōtara-Papatoetoe	169
Māngere-Ōtāhuhu	163
Kaipātiki	148
Whau	136
Maungakiekie-Tāmaki	129
Puketāpapa	127
Hibiscus and Bays	126
Papakura	116
Albert-Eden	109
Ōrākei	89
Devonport-Takapuna	75
Waitematā	50
Franklin	48
Waitākere Ranges	42
Rodney	41
Waiheke	3
Aotea/Great Barrier	0
Total	2488

Sector representatives

The home-based early childhood education sector is supported by two key representative groups: the New Zealand HomeBase Childcare Association and the New Zealand Home-based Provider Group. The former is a longstanding membership organisation which provides advocacy and support for those within the home-based sector, including service owners/operators, persons responsible and educators. The latter is a group formed in 2023 to advocate for home-based providers and asserts to represent around 50 per cent of the sector. There is significant cross over in membership of both groups.

Home-based provision trends 2002 to 2025

Sector growth

Between the early 2000s and 2015 the home-based sector experienced significant growth (Figure 7). The number of home-based licences grew by 115% from 194 licences in 2002 to 417 in 2015. The number of children participating in home-based ECE grew from 8,591 to 20,505 in the same period, an increase of 139%.

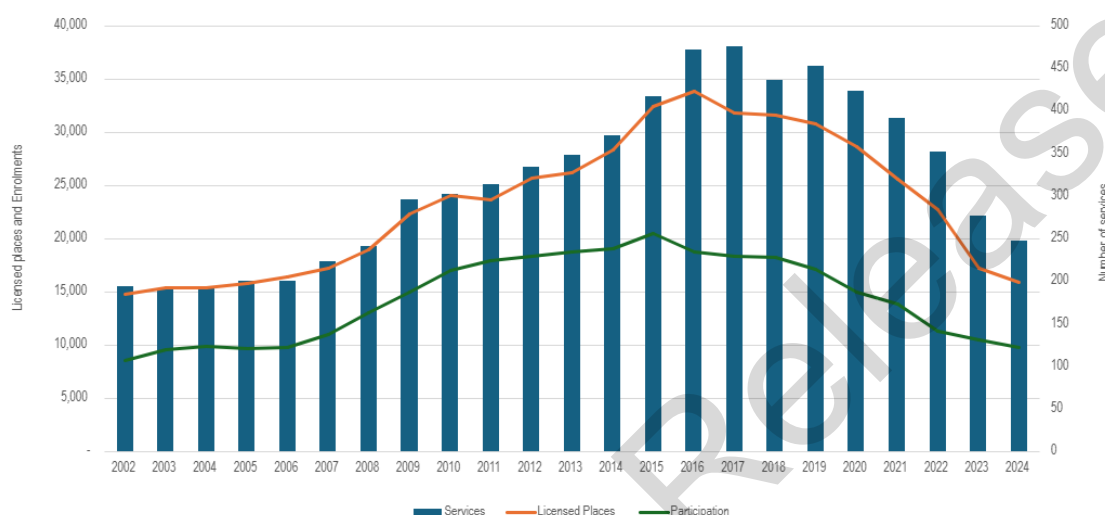


Figure 7. The number of home-based services grew significantly from the early 2000s until mid-2010s, from 2016 to 2024 the number of services has nearly halved

Growth in the sector over this period may be attributed to entrepreneurs formalising previously informal arrangements (including nanny, au pair and shared-care arrangements) alongside favourable market conditions including the introduction of the 20 hours ECE subsidy.

For the same period (2002-2015), participation across licence types increased by 27%. This was primarily due to the increase in the Education and Care sector, which grew by 65% (an increase of approximately 50,000).

Rapid market expansion of service provision

During this period of rapid growth of the home-based ECE sector, a number of new providers entered the market. The absence of a mandatory qualification for educators enabled a diverse range of educators including nannies, au pairs, and family members (grandparents for example) to enter the workforce. The ability for home-based services with unqualified educators to receive funding also meant that provision was available in a diverse range of languages. New migrants with little to no English were able to provide education and care for children within their communities.

This expansion occurred with limited oversight, during which the Ministry identified several regulatory and compliance issues. As a result, the funding rules and regulations were strengthened to safeguard the wellbeing of children and to prevent service providers from exploiting the system.

Addressing challenges from rapid expansion

From 2017 the Ministry targeted fraud and financial mismanagement in the home-based sector. The Ministry found that those services identified as at high-risk of financial issues also tended to have poor health and safety systems in place. Licences were cancelled as a result of these investigations.

The Ministry's discovery that several service providers were holding 'overflow' licences, with no children or staff attached to them, led to a tightening in process. Service providers were required to inform the Ministry of licences that were no longer operating and these could only be closed temporarily for up to 6 months. There was also a shift to require more rigorous data monitoring through the Early Learning Information reports (ELI), which was introduced in 2013.

Review of quality in the home-based sector

In 2018 there was a broad review of the home-based sector with a number of options consulted on to improve the quality of home-based ECE. Following the review, Cabinet agreed to move towards a more qualified home-based ECE workforce. Changes in qualifications have been gradually implemented, leading to the current requirement for all educators to have or be working towards a home-based service qualification. Two separate funding rates (quality and standard) were also merged into one single rate. Alongside these changes there has been a reduction in the home-based workforce, and some service providers have exited the market.

Recent reductions in provision

As shown in Figure 7 above, the number of home-based early learning licences and the number of children participating in home-based ECE has nearly halved from 2016 to 2024 (Table 5). In the same period, the number of home-based educators decreased by 62%. Provision of home-based ECE in 2024 has returned to close to, but slightly higher, than their pre-growth levels in the early 2000s.

Table 5. Licences, educators and participation in home-based services

Number of home-based:	2016	2017	2018	2019	2020	2021	2022	2023	2024	Change 2016 – 2024
Licences	472	476	437	453	424	392	353	277	248	-47%
Children participating	18,818	18,440	18,267	17,196	15,022	13,879	11,326	10,514	9,887	-47%
Educators	9,326	7,512	7,700	7,418	6,246	5,521	4,510	3,937	3,534	-62%

Additional factors contributing to trends in home-based provision

The drive for educators to become qualified is one of the main factors contributing to a decrease in provision as not all educators want to undertake study.

Home-based educators are upskilling with the new requirements, and those that do not want to study have left the sector. In 2021, 762 (32%) of the 5,521 home-based educators active in 2021 held ECE qualifications. A further 488 (9%) held credits towards a recognised qualification. Another 3,271 (59%) held no qualifications nor credits towards any. In 2023, 70% of educators were either qualified or in training. In 2024, this number increased to 81%.



While qualification requirements are likely contributing to the decreasing number of educators, sector representatives are largely supportive of this shift towards a more educated workforce.

Other factors have also affected provision:

- Covid-19-related factors (e.g. additional health concerns, vaccination mandates, Covid-related guidance and regulations) may have made the educator role less appealing. Border closures affected services that relied on staff from overseas. Increased remote work options and more flexible roles have created alternative opportunities for stay-at-home parents to work and care for their children rather than employ an educator.
- Some of the reduction in the number of home-based licences is attributable to closures of large service providers (e.g. PORSE; Creators@home), some of which was associated with regulatory non-compliance. Closures from these providers alone accounted for more than two thirds of the 175 home-based licence closures⁵ from 1 Jan 2021 to 31 July 2023. Within this period, 49 PORSE and 18 Creators@Home licences were cancelled.

Regulatory and funding cost drivers

Workforce requirements

Regulating for a qualified workforce

Quality funding rates were previously available to home-based providers who met additional educator qualification and person responsible requirements (Figure 8). Following the 2018 home-based sector review, there was a shift towards regulating for a more qualified workforce, supported by a stepped approach to meeting progressively higher standards for quality funding rates.

The criteria for accessing quality funding rates progressively required higher proportions of qualified staff each year from 2021 to 2024. The proportion of services on quality funding rates has increased over this timeframe as service providers have met the new regulated standards (Figure 8). From 1 January 2025, the separate standard and quality rates for home-based services were replaced with a single set of quality rates, as all services must comply with the updated regulations for a fully qualified or in training workforce. These regulations state that 100% of educators must be either qualified or in training within six months of employment. Educators in training must complete the qualification within two to four years from enrolment, depending on the qualification.

⁵ Reasons for licences being cancelled may include voluntary permanent closures, declining roll, financial reasons, and/or non-compliance. This number does not include the 39 cancelled licences where the service never opened.

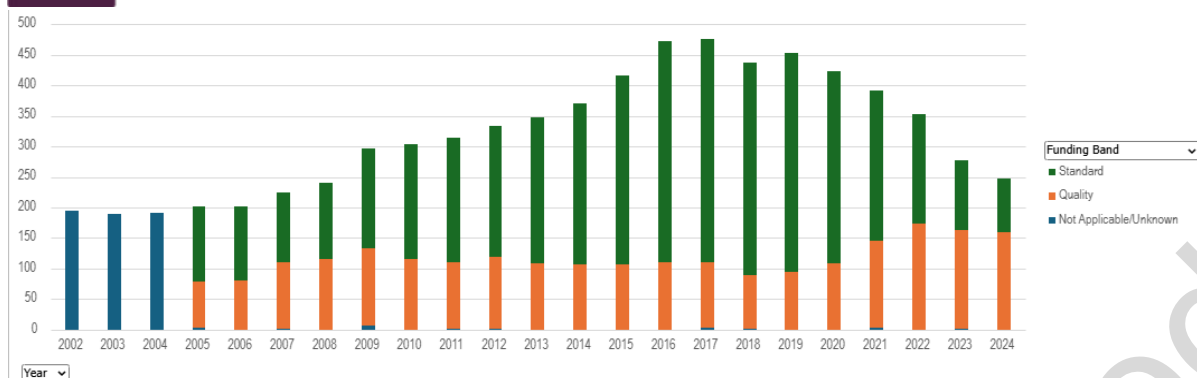


Figure 8. Proportion of home-based services on standard and quality rates

Strengthening the person responsible requirements

As stated above, the person responsible is required to hold an early childhood teaching qualification and a current practising certificate.

In December 2022, Cabinet agreed to amend the Regulations to require that persons responsible must:

- only work across up to two licences within each calendar month (this requirement has been superseded); and only one licence at any one time;
- take all reasonable steps to observe, support, and provide guidance on curriculum delivery in the home during their visits and to keep records of these activities; and
- provide professional development to educators on a regular basis and keep records of any such discussions.

From 1 January 2025, a person responsible in home-based services can now support more than two licensed services per month. The condition preventing them from acting as a person responsible for more than one licensed service at the same time still applies.

Licence size

Cabinet agreed to increase the maximum licence size for licensed home-based ECE services from 80 to 100 children from 26 February 2024.

Related considerations: ECE regulatory review

In its Regulatory Review of ECE, the Ministry for Regulation (MfR) made a number of specific findings about home-based ECE and also recommended that MoE work with stakeholders to develop a strategic plan for home-based services, including provisions for rural areas and whānau with diverse needs (Recommendation 12).

MfR recommended that the future of home-based services requires dedicated strategic planning and bespoke regulations. They suggested MoE re-establish a home-based advisory group to work with MoE on the strategic plan and consider and explore possible changes such as to the definition of home-based, reviewing person responsible requirements and to ratios.

In April 2025 Cabinet agreed to MoE starting policy work on Recommendation 12 in September 2025.



Funding related issues raised by the home-based sector

Service providers and their sector representatives provide information to the Ministry on the issues facing the sector. These issues generally stem from workforce, regulatory and funding settings.

The MAG has requested a presentation from home-based sector representatives on the Early Childhood Advisory Committee outlining issues facing the sector. This section provides a high-level overview of the current key issues the sector has previously raised with the Ministry of Education:

- **20 Hours ECE:** representatives tell us that the current 20 Hours ECE policy does not work for home-based services. Representatives argue it limits the educators' ability to set their own rates as self-employed contractors, and they do not see current funding rates as adequate to provide "free" 20 Hours ECE. Allowing educators to charge top up fees was introduced from June 2024 to help address this issue.
- **Pay parity and workforce:** representatives are concerned that persons responsible in home-based services have been excluded from pay parity funding initiatives. Home-based persons responsible currently have no minimum salary requirement (beyond the legally required minimum wage). The sector told us that they have to compete with other teacher-led services to attract and retain certificated teachers to fulfil their person responsible requirements, but do not receive additional funding to compete with pay parity salary scales offered in centres. In 2023, there was sector consultation on a possible model that included extending pay parity to persons responsible in home-based services.
- **Inflation impacts on service costs and inadequate funding increases:** representatives believe that funding increases do not meet the fixed costs of home-based services nor adequately scale with inflation. In their view, this stems partly from the differences between home-based costs and those faced by the wider ECE sector.
- **Operational requirements set particular costs –** for example, a person responsible must be available for all hours children attend the service; everyone living in a home where education and care taking place must be police vetted (even if they generally won't be there while the service is operating); changes to first aid unit standards mean educators now need to attend a longer course to meet first aid requirements; persons responsible must visit educators in person (rather than online, which was allowed during the Covid-19 pandemic), thereby incurring fuel costs.
- **Tax returns:** some educators are concerned about tax obligations they incur as contractors. Once an educator's income exceeds \$60,000 p.a. they must be GST-registered, switch from the standard costs model to the actual costs model, and file an IR3 individual income tax return. IRD's actual costs model requires educators to keep a full record of actual income and expenditure, unlike the standard costs model which uses a fixed rate per hour as estimate for all variable standard costs. Educators using the actual cost model may choose to pass the additional costs of paying GST onto families through increasing their fees.