



**Te Tāhuhu o
te Mātauranga**
Ministry of Education

NOT MAG / GOVERNMENT POLICY

WORKING PAPER

The role of funding and other levers in supporting quality early childhood education

Prepared for the Ministerial Advisory Group: ECE Funding Review

3 December 2025

Contents

Contents	i
Executive Summary	1
Purpose of this report	4
What is quality ECE?	5
Why is quality important?	7
How is quality achieved?	9
What is the Government’s role in ECE?	13
How can the Government achieve its objectives?	18
What is the current approach to quality?	22
How effective is the current approach?	29
What are some of the issues with the current approach?	38
Examples of different ways to use funding to support quality ECE	42
Annex 1: Description of current ECE regulatory settings in New Zealand	48
Annex 2: Examples of previous costings for changing structural quality	54

Executive Summary

1. High quality early childhood education (ECE) that lifts educational outcomes for children and protects their health, safety and wellbeing has the potential to generate significant social, cultural and economic benefits. These benefits are experienced not only by the children that attend ECE and their parents and caregivers, but also by the communities within which they live and the wider economy. Many of these benefits extend well into the future, including through supporting future educational achievement, lifting labour market productivity, and breaking cycles of intergenerational inequity and disadvantage.
2. Without government intervention (e.g. funding and regulation), local markets would still provide ECE services¹. This is because some parents and caregivers would be able to afford to pay for childcare while they participated in paid employment and some parents and caregivers would pay for services that gave their children opportunities for social interaction and educational experiences.
3. However, the existence of market failures means that local markets acting alone would not provide ECE of a sufficiently high quality to keep all children safe from harm and generate positive educational outcomes. Neither would local markets acting alone provide ECE in sufficient quantities to ensure that it was affordable and accessible to all parents and caregivers that wanted their children to attend².
4. The government intervenes in the provision of ECE to address market failures (e.g. undersupply, information asymmetries, and inequity) and to allow the full extent of the potential private and public benefits to be realised for all New Zealanders. To achieve this, government policies are designed to support all children to participate in quality ECE regardless of their background or level of socio-economic disadvantage, if that is what their parents and caregivers want.
5. High quality ECE is hard to define and views about aspects of quality are subject change in response to new information and evidence. In addition, the available evidence about which structural and process attributes of quality ECE lead to improved educational outcomes for children is mixed and sometimes inconclusive. This does not mean that structural quality is unimportant; rather it indicates the effects of structural quality are mediated through other dimensions of quality (e.g. process) and contextual variables (e.g. family background).
6. What might be defined as high quality ECE by policy makers, researchers and evaluators may not always resonate with the attributes of quality valued by parents and their children. Parents and caregivers are known to use more informal measures of quality such as online reviews or word of mouth³. As participation in ECE is choice made by parents and caregivers, it is important that they can choose an ECE service that offers the attributes of quality that they value and want for their children.
7. A key challenge for policy makers is the inherent tension involved in achieving the government's objective of supporting high quality ECE while ensuring participation remains affordable and accessible for all parents and caregivers. This is because higher quality ECE often tends to cost more to produce which can make it less affordable and less accessible. Furthermore, some children and families face inequities that mean they will not be able to participate, regardless of the level of quality, affordability or accessibility.
8. Where resources are constrained, the government tries to carefully balance the trade-off between requiring higher levels of quality and the impacts this may have on affordability and accessibility for all parents and caregivers. The availability of government funding is limited and the cost of ECE is shared between the government and parents and caregivers. This means that any costs associated with obtaining higher levels of quality that are not covered by government funding must be met by parents and caregivers. It is important to balance quality in ECE with affordability, accessibility and equity, as

¹ Ministry for Regulation, "Regulatory Review of Early Childhood Education", December 2024.

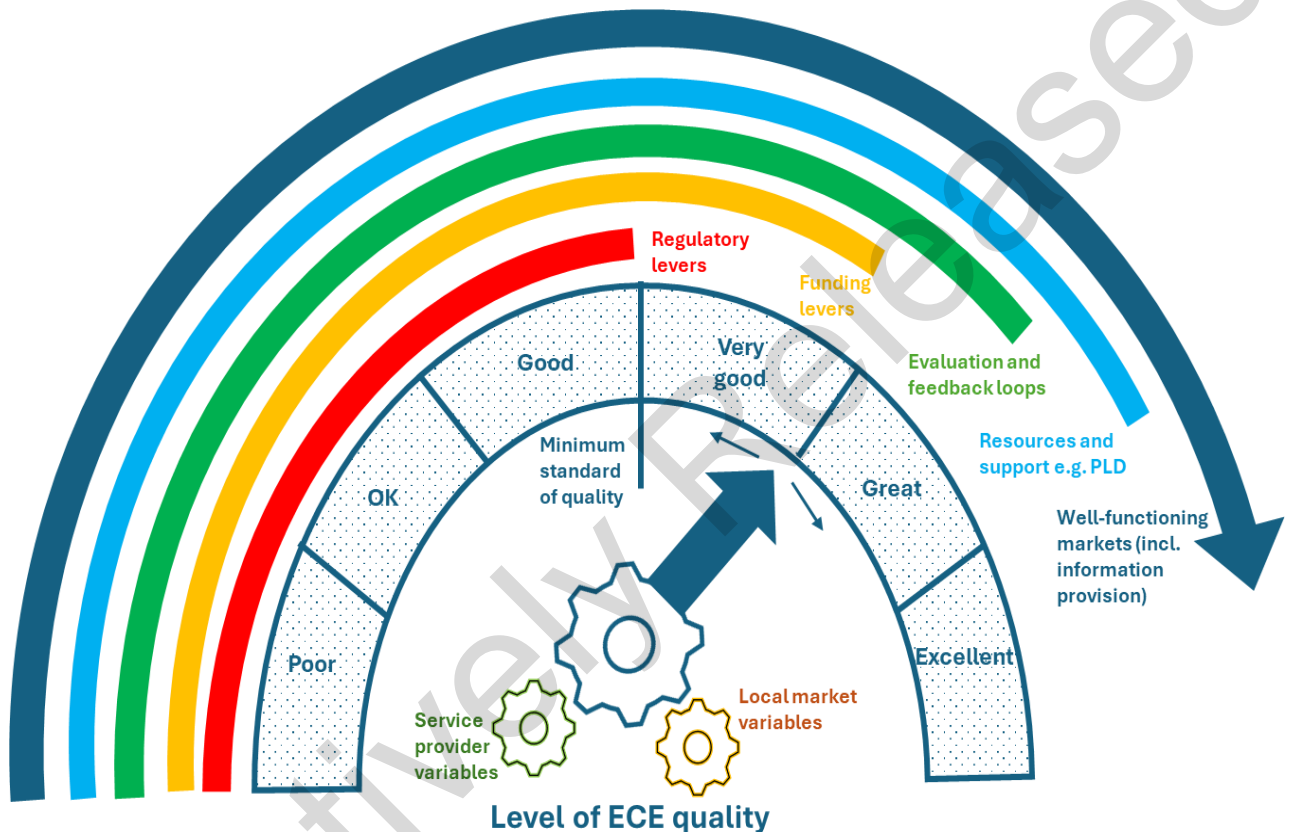
² Ministry for Regulation, "Regulatory Review of Early Childhood Education", December 2024.

³ Australian Competition and Consumer Commission, Childcare inquiry – Interim report, September 2023.

higher standards lose their impact if participation is limited, and children cannot experience the benefits.

- Figure 1 shows how the current approach to supporting high quality ECE draws on a combination of interconnected policy levers to address what is a complex and multifaceted policy problem. The levers work together to encourage increasingly higher levels of quality provision within the context of the incentives created by market-based provision. Figure 1 illustrates how regulatory levers are used to set a quality floor below which ECE cannot be provided. Funding levers are used to help ensure that this level of quality ECE remains affordable and accessible to parents and caregivers, and to address inequities experienced by some children and families.

Figure 1: How government policy levers work together to support quality early childhood education



- Funding levers are well suited to addressing affordability, accessibility and equity, and they are also used to incentivise service providers to increase proportions of certificated teachers in education and care services. This is a key structural input to quality and, combined with the foundational structural and process attributes of quality established through regulation, supports quality levels above the minimum standards.
- Independent evaluations of service quality complement regulatory and funding levers by providing parents and caregivers with information about the quality of ECE services, helping to reduce information asymmetries that may create barriers to participation. Combined with strong feedback loops, the information provided to services through evaluation can also support learning and continuous improvement, lifting quality levels higher still. Resources and support, including professional learning and development, build the capacity and capability of service providers and teachers to engage with and respond to the requirements and incentives created by other policy levers and lift levels of quality higher still.
- Regulatory compliance data shows that the majority of service providers comply with the minimum standards for structural quality. Funding data also shows that the combined set of policy levers are having their intended effect, with average adult-to-child ratios and proportions of certificated teachers noticeably higher than the minimums set in regulation. In addition, participation data shows that 96.8%

of children participated in ECE six-months prior to entering school. This suggests that most parents and caregivers are sufficiently comfortable with the quality of ECE to choose to enrol their children before they start school, although it does not provide insights to the views of parents and caregivers of much younger children.

13. However, it is important to be aware that there are a range of reasons why higher levels of structural inputs, such as certificated teachers, may not always lead to higher levels of process quality within individual services or improved educational outcomes for all children. Service level evaluations undertaken by trained evaluators from the Education Review Office (ERO) using evaluation methodologies indicate that more could be done to lift quality in some settings. This could extend to, for example, establishing stronger and more effective feedback loops to ensure that the outcomes of service level evaluations lead to learning and continuous improvement within all ECE settings.
14. Given the potential public and private benefits associated with supporting all children to participate in high quality ECE, it is worth considering whether there are other more effective ways of using the government's investment in the sector to support quality provision. There are many possible examples of alternative approaches that could be explored, such as investing in different structural inputs like adult-to-child ratios, making funding dependent on regulatory compliance, and linking funding more closely to quality assessments or equity considerations.
15. Previous analysis shows that the costs to the government and parents and caregivers of increasing structural inputs to quality, such as adult-to-child ratios and proportions of qualified teachers, are likely to be significant. As noted above, any costs not covered by government funding are likely to be passed on to parents and caregivers. This means that changes to structural inputs need to be weighed against the achievement of the government's wider set of objectives for ECE, including ensuring affordability, accessibility and equity for all children and their parents and caregivers.
16. Care must also be taken to ensure that changes to structural inputs, such as proportions of certificated teachers, do not lead to unintended consequences. For example, the current settings mean that a much higher proportion of the ECE workforce is covered by the occupational regulation framework, resulting in significantly higher levels of child safety protections than would otherwise be provided. Reducing the proportion of registered and certificated teachers in the workforce without changing other regulatory settings would risk lowering these protections.
17. Overall, it is clear that supporting quality ECE is critical to achieving the government's broader social, cultural and economic goals. However, it cannot be considered in isolation from the government's wider objectives of ensuring that ECE remains affordable and accessible so that all children can participate if that is what their parents and caregivers choose. This is particularly true for vulnerable children and families experiencing disadvantage who stand to benefit the most from access to high quality ECE.

Purpose of this report

1. The Government has tasked a Ministerial Advisory Group (MAG) with undertaking an independent evidence-based review of the current ECE funding system, including funding from the Ministry of Education, Childcare Assistance from the Ministry of Social Development and Inland Revenue's Family Boost.
2. With approximately \$3.1 billion in government funding supporting 190,000 children across 4,400 licensed ECE services each year, and a smaller but still significant amount of co-funding contributed by parents, it is crucial that this substantial investment effectively supports the Government to achieve its goals, including improving educational outcomes for children and supporting parents and caregivers to participate in labour markets.
3. Matters related to the quality of ECE have been identified as a central consideration for the MAG in addressing areas of concern with the current ECE funding settings, and in determining options for change. In particular, the Terms of Reference for the review direct the MAG to provide advice to the Associate Minister of Education on a range of matters, including:

"...the balance between quality and affordability for services and parents / caregivers reflected in the funding system, including its contribution to an appropriate mix of minimum standards and quality inputs, such as adult-to-child ratios or proportions of qualified teachers". [ECE Funding Review Terms of Reference - Updated September 2025.pdf](#)
4. This report aims to assist the MAG in understanding the key settings that influence the quality of ECE provision. Further, it provides information and analysis related to the broad framework of levers used to influence the quality of ECE provision in New Zealand and the respective roles of each lever.
5. Given the fiscally neutral parameters for the review, this paper additionally highlights the potential trade-offs that the MAG might wish to consider when it begins to identify options that address identified issues and deliver on the Government's objectives for ECE.

What is quality ECE?

There is no single definition of 'quality ECE'

6. The quality of ECE is often assessed in terms of how well a service protects the safety and wellbeing of children and supports their education and development (with child safety being the prerequisite for learning and development)⁴. Many jurisdictions, including New Zealand, set standards for the provision of quality ECE based on requirements across these broad areas.
7. However, there is no single definition of what constitutes 'quality ECE'⁵. There is also no universal approach to defining 'high quality ECE', 'low quality ECE', and everything in between. For services provided by a market, 'quality' is often understood in terms of being the attributes that meet the values and expectations of customers and for which they are willing to pay.

Quality means different things to different people

8. The absence of a single definition of quality ECE presents challenges for designing policy that aims to support its provision. Agreeing to a single definition of quality ECE is difficult however, as quality is a subjective concept. People form their view of quality based on their own personal values and beliefs, which vary not only within societies (and cultures), but also over time⁶. As such, parents, children, Māori, Pacific peoples, teachers, researchers, academics, policy makers and politicians, both individually and collectively, all have different views of what constitutes 'quality ECE' based on what they value and is important to them.
9. For example, as part of its 2023 childcare inquiry, the Australian Competition and Consumer Commission (ACCC) found that families often use a range of informal measures to determine the quality of ECE services, such as recommendations from friends and family, in person visits, and online reviews. The ACCC also found that these measures were frequently used in favour of more formal measures of quality, such as Australia's National Quality Standard (NQS), which are based on research, evidence and evaluation⁷.

Views about quality can change quickly, while evidence tends to shift slowly over time

10. A further challenge for policy makers is that quality is relative, and views and perceptions of quality are prone to change. This can happen slowly over time as the result of research, evaluation and experience. Or it can happen quickly as the result of new information that may or may not be true and the discovery of a new service with more favourable attributes. Views about quality can also change as the result of unexpected events, such as accidents and incidents that occur within ECE settings.

Research and literature focus on structural and process features of quality

11. Research that seeks to understand the impact of the quality of ECE on children often focuses on structural and process features of quality. These are attributes that have been found to be present when positive cognitive, social and emotional outcomes for children have been observed.
12. Structural features of quality include numbers of qualified teachers, adult to child ratios, group sizes, and physical space per child. They are usually easy to observe and can be numerically counted, so are often the focus of regulatory requirements and formal measures of quality in ECE, including in New Zealand.
13. Process features of quality relate to the day-to-day interactions between adults and children that lead to best learning engagement and emotional bonding. They are more complex and difficult to observe

⁴ Australian Productivity Commission, "A path to universal early childhood education and care. Inquiry report – volume 2"; June 2024

⁵ Australian Productivity Commission, "A path to universal early childhood education and care. Inquiry report – volume 2"; June 2024

⁶ Smith, Anne B, "Is Quality a Subjective or Objective Matter?", May 1996.

⁷ Australian Competition and Consumer Commission, "Childcare inquiry – Interim report"; September 2023.

and measure than structural inputs. Process quality includes variables such as interactions between children and adults, partnerships with parents, and the learning and social opportunities offered⁸.

14. Focusing on structural and process features of quality can help to mitigate the challenges associated with trying to find a single shared definition of quality ECE. However, as highlighted in paragraph 9 above, these more formal indicators of quality may not resonate with everyone. While structural and process indicators of quality are useful benchmarks, quality is also shaped by context, culture and purpose. What counts as 'high quality' can vary depending on the values or needs of different children, their families and communities.⁹

Whose view of quality matters?

15. Given the scope for a wide range of different interpretations of the meaning of quality ECE, an important question for policy makers designing policy that aims to support its provision is: whose view of quality matters?
16. For example, trained researchers, evaluators and academics are likely to be best placed to provide an evidence-based definition of quality ECE that improves educational outcomes for children. However, if this perspective of quality ECE is intended to form the basis of regulatory requirements, there is a risk that it may be perceived as being 'too high' by some service providers, politicians, parents and taxpayers that must pay for it.
17. We also know that parents are likely to use more informal measures of quality than those suggested by research, such as online reviews, word of mouth or how they feel when they walk into a service. As parents make the decision about which service their child attends, perhaps it should be their view of quality that matters if the desired outcome is that children participate in quality ECE.
18. However, parents may not always be best placed to judge elements of quality for a range of reasons, including that they are not usually present when their child attends ECE. In addition, many parents may be constrained in their ability to choose a service with the attributes of quality they value due a lack of alternative options in their local area and/or an inability to pay.
19. Furthermore, while parents purchase ECE services, it is their children that use them. If the focus is on achieving educational outcomes for children, then it should be quality as experienced by an individual child that matters¹⁰.
20. Research on the views of children that attend ECE has found that children experience quality in ECE through meaningful interactions with their educators, peers and environment, and describe experiences of imagination, friendship, play and learning¹¹. These are very personal measures of quality, but also not dissimilar to measures of process quality used by researchers and academics.
21. Ultimately, all views of what 'quality ECE' looks like matter in some respect. However, the weighting given to different views is likely to depend on the specific outcomes that policy makers are seeking to achieve by focusing on the broader goal of supporting quality ECE. The specific outcomes might include, for example, mitigating risks to health and safety of children, lifting educational outcomes, and encouraging all children to participate in some form of ECE before they start school.

⁸ OECD, "Starting Strong V1 – Supporting Meaningful Interactions in Early Childhood Education and care", 28 June 2021.

⁹ Martin Jenkins, "What does the evidence say about the relationships between ECEC structural quality and children's outcomes?", October 2025.

¹⁰ Smith, Anne B, "Is Quality a Subjective or Objective Matter?", May 1996.

¹¹ Australian Productivity Commission, "A path to universal early childhood education and care. Inquiry report – volume 2"; June 2024.

Why is quality important?

'High quality' ECE is linked to better outcomes for children

22. Despite the difficulties associated with defining 'high quality' ECE, most governments implement policies and allocate funding aimed at supporting its provision. A key reason for this is the strong body of evidence linking participation in high quality ECE with better outcomes for children, especially in terms of their cognitive, social and emotional development. In this research, 'high quality' ECE is often defined in terms of safe environments for children and positive teacher-child interactions¹².
23. Benefits for children from quality ECE have been found to include improvements in early cognitive skills, test scores, and school readiness, as well as improved sociability and ability to make friends¹³. Some benefits have been found to extend well into the schooling years and adulthood. These include higher rates of university attendance, improved labour market outcomes, better mental and physical health, less contact with the justice system, and better relationships.¹⁴
24. Similarly, poor quality ECE can result in serious harm to the health, safety, and wellbeing of children, and compromise educational outcomes. This may be a particular concern for children who are attending ECE for high numbers of hours.
25. Research also suggests that variables of quality do not impact all children equally, and that some children are more sensitive to quality in their environment than others. For example, a child with learning difficulties may thrive in a class with low adult-to-child ratios, whereas a very resilient child might do just as well in a class with higher adult-to-child ratios.¹⁵ This reinforces the point that what might be considered quality ECE in terms of achieving educational outcomes for one child, may not be quality ECE for all children.

High-quality ECE is particularly beneficial for children experiencing disadvantage

26. There is also strong evidence that the benefits of quality ECE are especially pronounced for children from disadvantaged backgrounds, including children whose parents have lower education or income levels. For these children, enriching early learning experiences can help narrow developmental gaps and may compensate for few learning opportunities at home¹⁶.
27. Unfortunately, research also shows that children from disadvantaged backgrounds are often at risk from attending lower quality services and going on to attend lower quality schools. For example, the Australian Productivity Commission found that while children experiencing disadvantage or vulnerability stood to benefit the most from attending high-quality ECE, they were also the most likely to be missing out as services can be unaffordable, difficult to access, or exclude some children with additional needs¹⁷.
28. Overall, the research shows that high quality ECE can make a real difference to children's outcomes later in life. This means that investing in high quality ECE that is accessible to children from disadvantaged backgrounds can be a key policy lever for addressing complex and systemic policy problems, such as reducing social disparities and disrupting intergenerational cycles of disadvantage and inequity¹⁸.

¹² Sydney: Centre for Education Statistics and Evaluation (CESE), "A review of the effects of early childhood education", 2018.

¹³ Australian Productivity Commission, "A path to universal early childhood education and care. Inquiry report – volume 2"; June 2024.

¹⁴ Australian Productivity Commission, "A path to universal early childhood education and care. Inquiry report – volume 2"; June 2024.

¹⁵ Martin Jenkins, "What does the evidence say about the relationships between ECEC structural quality and children's outcomes?", October 2025.

¹⁶ Martin Jenkins, "What does the evidence say about the relationships between ECEC structural quality and children's outcomes?", October 2025.

¹⁷ Australian Productivity Commission, "A path to universal early childhood education and care. Inquiry report – volume 1"; June 2024.

¹⁸ Australian Productivity Commission, "A path to universal early childhood education and care. Inquiry report – volume 2"; June 2024.

Quality ECE also benefits parents, communities and the economy

29. As well as having clear educational benefits for children, access to ECE has been found to improve parental wellbeing and reduce parental stress. It also enables parents and caregivers, particularly women, to participate in the labour market and the wider economy through education and training, volunteer work, and caring for family and whānau. Labour market participation helps all families to meet their living expenses but particularly benefits families with lower socio-economic backgrounds¹⁹. It also benefits businesses and the economy more broadly and reduces pressure on social welfare systems.
30. Furthermore, improved educational outcomes for children today lead to higher labour market productivity in the future. This has flow-on benefits for businesses and the economy. Improved social and emotional outcomes for children may also help to reduce future pressures on the justice, social welfare and health systems.

Parent's perceptions about quality impact participation

31. The quality of ECE is also important because it impacts parents' decisions about the enrolment of their children in ECE. In ECE systems where participation is a matter of parental choice, children must first be enrolled in a high-quality service if they are to experience the types of positive cognitive, social and emotional outcomes outlined above.
32. As part of its 2023 Childcare Inquiry, the ACCC found that the quality of a service is a key decision-point for parents' and guardians' when considering their childcare options. They also found that switching between services tends to occur because of parents' concern with the quality of a childcare service rather than because of price. In addition, a low price relative to local competitors will not necessarily be viewed favourably and may be seen by parents as a signal of low quality²⁰.
33. However, the ACCC also noted that ECE is inherently an 'experience good' which means parents struggle to properly assess its quality until after their child is enrolled and begins attending. This, combined with factors such as limited alternative local options and high costs associated switching service providers (e.g. search costs and waiting lists) are amongst the challenges that may be faced by parents trying to ensure their child attends a high-quality service.

¹⁹ For parents, enrolling their child in ECE is most strongly linked to enabling work or study (*Growing up in New Zealand: A longitudinal study of New Zealand children and their families. 2014.*).

²⁰ Australian Competition and Consumer Commission, "Childcare inquiry – Interim report"; September 2023.

How is quality achieved?

Evidence about what drives improved outcomes for children is limited

34. One of the main reasons governments support the provision of high quality ECE is to improve educational outcomes for children. However, the evidence about which quality factors drive improved outcomes for children is limited. This is partly due to the challenges associated with defining quality, but also difficulties associated with measuring its various dimensions, particularly elements of process quality which often require skilled observation²¹.
35. Linking measured quality to child outcomes is also methodologically difficult as there are many other variables in a child's life that impact outcomes. For example, studies have found that what happens at home is a stronger predictor of child outcomes than ECE quality²². As a result, strong links between the quality of ECE and child outcomes are hard to detect.

Policies often focus on structural and process quality

36. Despite the limitations with the available evidence, government policies aimed at supporting high quality ECE often focus on the structural and process elements of quality outlined above. This is because children are likely to face significant risk of harm to their health, safety and wellbeing if these measures are not put place. In addition, the opportunity cost of not improving educational outcomes for children while they attended ECE are likely to be high (e.g. lower future labour market productivity and higher future social welfare costs).
37. For example, the Australian Productivity Commission noted in their 2024 inquiry into early childhood education and care that there is insufficient evidence to determine optimal adult-to-child ratios and qualification requirements for ECE services. However, they also noted that while there is not strong evidence that there would be benefits from strengthening these staffing requirements, the literature is also not capable of ruling out risks from reducing them²³.
38. However, structural features of quality such as adult-to-child ratios and qualification requirements can impose significant costs on ECE providers, with staffing costs being one of the main costs of service provision. Therefore, it is important that policy advice is informed by the research and evidence that is available about how these structural features of quality are likely to influence outcomes for children.
39. The following sections summarise key findings from a recent review of the literature on the links between key structural quality inputs and child outcomes²⁴. It should be noted that there are a wide range of other structural and process features of quality that are not discussed here. This report has focused only on the elements of structural quality that are likely to be of most interest in the context of the ECE funding review.

Structural quality facilitates process quality which drives child outcomes

40. Structural quality inputs, such as teaching qualifications and adult to child ratios, are essential and work largely by facilitating high process quality, which is what drives child outcomes. The evidence suggests that structural elements appear to be most impactful when they translate into richer teacher-child interactions, better curriculum delivery, and a more responsive learning environment. The research also shows that if structural requirements are implemented without attention to process quality, the impact for children may be muted.

²¹ Martin Jenkins, "What does the evidence say about the relationships between ECEC structural quality and children's outcomes?", October 2025.

²² Martin Jenkins, "What does the evidence say about the relationships between ECEC structural quality and children's outcomes?", October 2025.

²³ Australian Productivity Commission, "A path to universal early childhood education and care. Inquiry report – volume 2"; June 2024.

²⁴ Martin Jenkins, "What does the evidence say about the relationships between ECEC structural quality and children's outcomes?", October 2025.

41. Measures of process quality (e.g. observation scales of teacher warmth, sensitivity, and education support) have been found to predict child development gains more strongly than structural indicators alone, however, they are much harder to quantify and may require trained observation.

Teacher qualifications

42. Teacher qualifications, such as formal education, specialised training of educators, and certification in early childhood education are often assumed to enhance classroom practices and, in turn, improve child outcomes. The literature review found that the relationship between teacher qualifications and children's outcomes is complex and shaped by multiple interacting factors.
43. There is evidence that higher qualifications (such as holding a bachelor's degree or above) is consistently associated with improved process quality in ECE settings. This includes more intentional teaching as classrooms led by more educated teachers tend to be better organised, use richer language, and do more developmentally appropriate activities.
44. However, the direct impact of qualifications on measurable child outcomes (such as vocabulary, math skills, or social behaviour) is less consistently observed in the short term. The evidence shows only small positive effects of higher qualifications on some outcomes, for example, early language and literacy skills, and no significant differences in other domains.
45. The literature review notes that the absence of strong evidence does not necessarily imply that qualifications are unimportant. Rather that the effects of qualifications are mediated through other dimensions of quality and other contextual variables, such as curriculum, adult to child ratios, and the home environment. As such, qualifications can be considered as contributing to a foundation for quality practices, rather than a sole determinant of children's developmental outcomes.
46. The reviewed literature also emphasises that educator effectiveness is shaped by a combination of factors, not just formal qualifications. Professional experience and factors in the broader environment, such as team dynamics and the extent to which teachers are supported in their role, are also important. Further, the research shows that the strongest outcomes for children tend to emerge when teachers have both a solid initial qualification and access to sustained high-quality professional development.

Adult-to-child ratios

47. Adult-to-child ratios refer to the number of children per educator. Lower adult-to-child ratios are associated with higher quality instruction in ECE and are widely considered to be a key component of structural quality. They allow for more individual attention, quicker responses, and more language rich engagement.
48. Research shows that in settings with lower ratios, teachers and educators are more responsive, emotionally available and less stressed. Children also display more complex play, reduced conflict and greater engagement with learning materials²⁵.
49. As with qualifications, ratios interact with other structural and process features of quality, such as group size, centre resources and teaching qualifications. For example, experienced and qualified teachers who use effective teaching strategies for their class size can compensate for some of the impacts of higher ratios. Also, fewer children per adult may not translate to better outcomes if the learning environment is poorly managed.
50. Research shows that optimal ratios differ with age, with more adults to children required for babies and younger children. This reflects differences in children's developmental needs. For infants and toddlers, there is broad consensus in the reviewed literature that significantly lower ratios are essential for healthy development. Expert opinion and observed data converge around 1:3 or 1:4 as an optimal range for under-twos.

²⁵ Martin Jenkins, "What does the evidence say about the relationships between ECEC structural quality and children's outcomes?", October 2025.

51. For older children (3-5 years), larger ratios are permissible with less risk. However very high ratios (e.g. 1:20) have been associated with lower instructional quality. In these situations, educators may be forced to focus on behaviour management rather than teaching and opportunities for individualised interaction are greatly reduced.
52. The evidence is more varied when it comes to directly measured child outcomes. Many studies have found that once basic age-related ratio standards are met, further incremental gains do not consistently result in measurable gains on child outcome indicators. For example, once ratios reach around 1:10, additional reductions show no additional benefit. In contrast, moving from 1:15 to below 1:10 appears to yield more consistent benefits.
53. Overall, the literature review suggests the greatest impact comes from moving requirements above the minimum threshold of quality, rather than fine-tuning ratios once they are already within acceptable range²⁶. This has led some researchers to argue that once quality thresholds are met, additional resources might be more effectively directed toward educator training, coaching, or curriculum development than reducing ratios further.

Group size

54. Group size refers to the number of children in the care of a staff member, or team of staff members in a specific setting such as a classroom or play area. It is closely related to adult to child ratios, but group size has distinct implications for the social and emotional climate and manageability of the classroom.
55. Smaller groups promote more individualised attention, greater responsiveness from educators and calmer, more manageable environments. These features of process quality are widely recognised as important for supporting learning and wellbeing.
56. Some studies have linked smaller group sizes (e.g. 10-15 children) with stronger learning outcomes, including language and academic skills. However, research has also identified a threshold effect similar to that of ratios whereby class sizes of 15 or fewer are generally associated with stronger cognitive outcomes, but further reductions beyond that point yielded diminishing returns.
57. Research suggests that developmental stage plays a key role in determining optimal group size. For infants and toddlers, very small groups of no more than 6 to 8 children are recommended to ensure responsive care and minimise stress for both children and educators. For 3 – 4-year-olds, larger groups may be appropriate, although research suggests process quality becomes harder to maintain. A group size of around 16 or fewer is often cited as ideal for 3 – 4-year-olds.
58. The literature review notes that, as with ratios, the benefits of reducing group size should be weighed against other possible investments in quality. For example, in practice, a modestly larger group supported by an experienced teacher, a capable assistant, and a strong curriculum may deliver better outcomes than a smaller group with fewer supports.

Leadership roles and responsibilities

59. Leadership roles in ECE include directors, supervisors and head teachers. The literature review found that the relationship between leadership roles and child outcomes is mostly indirect, although leaders play a critical role in shaping the conditions that support teaching and learning. Overall, leadership is understood to be a critical behind the scenes driver of quality.
60. Both administrative and pedagogical leadership functions are needed to support quality ECE. Administrative leadership secures resources, manages operations, and ensures regulatory compliance. Pedagogical leadership guides the educational programme and teacher growth.
61. Effective pedagogical leadership is widely recognised as an enabling condition for high quality practice. Leaders set the tone, policies and culture that support high quality teaching. This includes

²⁶ Martin Jenkins, "What does the evidence say about the relationships between ECEC structural quality and children's outcomes?", October 2025.

mentoring, guiding curriculum implementation, fostering a positive work environment, and promoting reflective teaching.

62. Research shows that centres with strong pedagogical leadership tend to exhibit higher levels of process quality. However, it is challenging to isolate a direct causal link between specific leadership actions and measurable child outcomes. This is because the effects of leadership are often mediated through teaching practices, making their influence diffuse and difficult to quantify. Weak leadership, however, or a narrow focus on administrative management at the expense of pedagogical guidance can hinder process quality if, for example, educators are unsupported and inconsistent in their practice.

Proactively Released

What is the Government's role in ECE?

The Government wants to maximise the benefits of quality ECE

63. As outlined above, access to quality ECE provides significant social, cultural and economic benefits for the children that attend, their parents, communities, and the wider economy. These benefits occur at the time children are attending and extend well into the future, including by reducing social inequities, increasing labour market productivity, supporting cultural identity, and improving social stability.
64. However, participation in poor quality ECE can undermine the achievement of these benefits. Poor quality ECE reduces children's educational outcomes, impacts negatively on their short and long-term health and wellbeing, and discourages parental labour market participation. To improve the quality of life for all New Zealanders, the Government seeks to maximise the potential benefits from quality ECE and minimise the impacts of poor quality ECE.

ECE services would be provided without government intervention

65. Unlike schooling, the government is not directly involved in the ownership and delivery of ECE services. ECE services are provided by private service providers using a range of private and community-based ownership models²⁷ and can operate on either a profit or not-for-profit basis.
66. In its 2024 review of early childhood regulation, the Ministry for Regulation (MfR) noted that ECE services would still be provided without government intervention (i.e. funding or regulation)²⁸. This is because local markets would respond to demand from parents willing to pay for childcare in their local area so they could participate in paid employment²⁹. Similarly, markets would respond to demand from parents willing to pay for early learning experiences for their children.
67. However, the MfR review also noted that without government intervention, there would be market failures in the provision of ECE services³⁰. These failures would result in unacceptably high levels of harm to children as result of poor-quality service provision, and an inadequate quantity of ECE services in some local areas. This would lead to poorer developmental and educational outcomes for children, hamper parents' ability to participate in local labour markets, lower future labour market productivity, and contribute to higher social welfare costs³¹.

Government intervention seeks to address market failures

68. Government intervention in the provision of ECE aims to address failures by the market to provide a sufficient quantity and quality of ECE services that will ensure the net benefits for all New Zealanders from ECE that are outlined above can be maximised. Key market failures that the government seeks to address include under-supply, information asymmetries, and inequitable access.

Under-supply

69. ECE is a merit good because its consumption generates benefits for both private individuals (i.e. children and parents) and the wider public. Higher quality ECE produces more public and private benefits, but it also costs more for service providers to produce.

²⁷ Community-based ownership models include incorporated societies, charitable, statutory and community trusts, and government departments. Private ownership models include sole traders, partnerships, companies, and private trusts.

²⁸ Martin Jenkins, "What does the evidence say about the relationships between ECEC structural quality and children's outcomes?", October 2025.

²⁹ Martin Jenkins, "What does the evidence say about the relationships between ECEC structural quality and children's outcomes?", October 2025.

³⁰ Martin Jenkins, "What does the evidence say about the relationships between ECEC structural quality and children's outcomes?", October 2025.

³¹ Martin Jenkins, "What does the evidence say about the relationships between ECEC structural quality and children's outcomes?", October 2025.

70. Private markets under-supply merit goods because not all individuals can afford to buy them. As a result, they are not consumed at levels high enough to generate the wider public benefits that the Government wants to achieve. Government intervention aims to increase the consumption of merit goods by ensuring they are available to everyone, including by making them more affordable and accessible to all parents and children.
71. ECE services may also be undersupplied in some local areas due to characteristics of the local market. For example, 'thin markets' exist where local demand is insufficient to make the supply of quality ECE economically viable. This may be due to a lack of demand as well as the nature of the costs involved in providing ECE services (e.g. high fixed costs and limited opportunities for economies of scale). An undersupply of critical inputs, such as qualified teachers and suitable property, in local markets can also lead to an undersupply of ECE services. Rural and remote areas may be particularly vulnerable to experiencing an undersupply of ECE for these reasons.
72. As well as inhibiting access, an undersupply of ECE services has implications for the overall effectiveness of the market-based model of provision. Well-functioning markets rely on consumers having access to viable alternative options that allow them to exercise choice. The ability to exercise choice in turn creates competitive pressure amongst service providers which is assumed to drive innovation, incentivise increases in quality, and place downward pressure on childcare fees. If there is insufficient supply to enable consumers to have any real choice, then the competitive pressures assumed to support increases in quality provision may be weakened.

Information asymmetries

73. Another condition necessary for markets to work well is that buyers and sellers must have access to the same information. Information asymmetries exist in the provision of ECE services because parents and caregivers purchasing ECE services often know less about the ECE services they are purchasing than those providing them. This includes information about the quality of ECE services, including potential risks to their child's health and safety from attending the service, and the educational outcomes they are likely to receive.
74. In addition, some parents may not have a good understanding of the potential benefits for their children from participating in quality ECE, the risks associated with poor quality ECE, and how to tell the difference. This can lead to the under-consumption of good quality ECE and the over-consumption of poor quality ECE, sending the wrong signals to the market about the types of services that should be provided. Parents with a lower educational background may be particularly at risk from experiencing information asymmetries. This can contribute to inequitable access which is discussed further below.
75. Key characteristics of ECE services make them more susceptible to information asymmetries than some other service types³². As noted above, ECE is an experience good which means that consumers can only evaluate aspects of its quality after purchasing or consuming it. For example, parents may only know if their child likes a service and is able to form positive relationships with teaching staff after they have enrolled and attended for a while. In addition, the harm caused by poor quality care may only become apparent well after the service has been used.
76. ECE also has characteristics of a 'credence good'. These are goods where it is difficult or even impossible for a consumer to evaluate quality even after purchasing or consuming it because it requires technical expertise or information to evaluate it properly quality. Elements of process quality are likely to fall into this category, meaning that parents and possibly even service providers may not know if these qualities are present in the service that is being provided. A key risk with credence goods is that consumers (and others, such as the government, that may fund their provision) may be misled into believing they have bought something they haven't.
77. Where parents unknowingly enrol their children in poor quality ECE, information asymmetries can result in serious harm to their children's health, safety and wellbeing. The risk of harm is particularly high for babies and young children that attend services without their parents present as they are

³² Australian Competition and Consumer Commission, "Childcare inquiry – Interim report", September 2023.

unable to identify potential risks of harm, remove themselves from those risks of harm, or communicate their concerns to another adult.

78. The impact of the harm that may be caused by information asymmetries has significant implications, not only for the children affected and their parents, but also the wider healthcare system. It can also cause reputational harm regarding the use of ECE services more broadly and lead to other parents becoming fearful of enrolling their children in ECE and leaving them unattended.

Inequitable access

79. Without government intervention, markets for ECE services may not ensure that all children and families have equitable access to quality ECE services that meet their diverse needs. This may be for a range of reasons, including that not all parents have access to the same level of resources or communities of support.
80. For example, some families face financial barriers to participating in quality ECE, such as an inability to pay childcare fees, nappies, clothing or food that may be required by the service, or costs of travelling to and from the service. As outlined above, children whose parents have lower levels of education may also be less likely to attend ECE due to a lack of awareness of the potential benefits. A range of other factors facing some families, such as homelessness, mental illness, drug and alcohol problems, and criminal offending, can also have an impact on whether children participate in quality ECE or not.
81. As well as socio-economic inequities, families from different cultural backgrounds may also find it difficult to find a ECE service with the quality attributes that meet diverse language and culture needs. For example, Māori and Pacific families, as well as migrant families and refugees can often find it difficult to access ECE services that meet their needs. Some families and children may also face language barriers, racism and discrimination when looking for and participating in ECE.
82. Families with children with disabilities or additional learning needs may also experience inequities, including difficulties finding a service that meets their specific learning needs. Children with additional needs may face discrimination and stigma when attending ECE. This not only impacts negatively on their wellbeing and development, but also on their future educational outcomes and life trajectories.

Quality is only impactful if children participate in ECE

Participation in quality ECE is fundamental to achieving the Government's goals

83. To achieve the greatest public and private benefits from ECE, children must participate in ECE of a sufficiently high quality (i.e. their safety and wellbeing is protected, and their education and development is supported). A key objective for the Government is therefore ensuring the quality of ECE services.
84. However, if children do not participate in any ECE, quality does not matter as no public or private benefits will be achieved. Therefore, supporting children to participate in ECE is a fundamental objective for the Government, followed closely by ensuring its quality.

Participation in ECE is a choice

85. In New Zealand, participation in ECE is a matter of parental choice. This recognises that parents and caregivers are best placed to make decisions about what is right for their children's learning and development in their early years prior to starting compulsory schooling. It also recognises that not all parents and caregivers want their children to attend ECE, and that some children receive better in developmental outcomes in their home environment than they would in ECE settings. Parental decisions about ECE are may also reflect wider family needs, including decisions about parental employment.
86. Given that participation in ECE is a choice, government policy often focuses on removing barriers that might otherwise prevent children from participating in quality ECE, if that is what their parents and

caregivers want. For example, providing information to parents about the benefits of quality early childhood education, and what they should look for when choosing an ECE service. a.

Accessibility and affordability impact participation

87. For parents and caregivers that want their children to participate in ECE, the accessibility and affordability of ECE services in their local area are two key factors that will ultimately determine whether their children participate or not. If these factors are not favourable, parents may choose not to use ECE or they may seek alternative childcare arrangements (e.g. nannies, friends or family).
88. Accessibility (or availability) refers to the quantity of ECE services that are supplied by a local market that meet the needs of parents and their children and that are available for them to use. The needs of families vary and may include attributes such as location, opening hours, languages spoken, cultural practices, educational philosophies and access to learning support. To be accessible, services must also be conveniently located and not have long waiting lists. Market failures related to undersupply can result in low accessibility in local markets.
89. Affordability relates to the ability of parents and caregivers to pay the cost of using ECE services and varies between families. Affordability for parents depends on their household's disposable income, and how much they have available to spend on childcare, including the priority they place on childcare spending. A lack of affordability can be a significant barrier to children participating in ECE, particularly for lower income families. Market failures related to undersupply can impact affordability by pushing up demand for limited spaces which puts upward pressure on childcare fees in unregulated markets. Inequities in the distribution of wealth can also impact affordability for some families.³³
90. In order to support participation in quality ECE, government policies often focus on ensuring the widespread accessibility and affordability of quality ECE. Funding is a key policy lever that the government uses to support affordability and accessibility.

A focus on equity is necessary to achieve the greatest benefits from quality ECE

91. As noted above, the benefits of quality ECE are particularly pronounced for children from disadvantaged backgrounds, and yet these children are often less likely to participate in quality ECE. Ensuring that vulnerable children and children from disadvantaged backgrounds are able access high quality ECE has the potential to not only improve their life outcomes but can also disrupt intergenerational cycles of disadvantage and inequity that may be impacting their families.
92. For children from disadvantaged backgrounds, inequities arise in relation to the affordability and accessibility of ECE services, as well as in relation to the quality of the services they can access. Therefore, ensuring equity in relation to the achievement of all three of these objectives – quality, accessibility, affordability - is critical if the government is to maximise the public and private benefits from ECE for all New Zealanders, both now, and in the future.

The Crown is committed to honouring Te Tiriti o Waitangi

93. Underpinning the Government's goals and objectives in ECE is a commitment by the Crown to honour its obligations to Māori and iwi under Te Tiriti o Waitangi. This includes, but is not limited, to a commitment to the protection and promotion of te reo Māori and mātauranga Māori, the exercise of agency and authority by Māori and iwi in early learning and strengthened Crown Māori relationships.
94. Honouring Te Tiriti o Waitangi includes supporting the provision of quality ECE that has the attributes of quality that are valued by Māori and iwi, including Kaupapa Māori, Mātauranga Māori and te reo Māori. For example, Kōhanga reo are services governed and managed by whānau aimed at revitalisation of te reo Māori.
95. Honouring Te Tiriti o Waitangi also includes ensuring that all Māori children have equitable access to affordable ECE that meets their needs and is of high quality. This is particularly important as Māori are

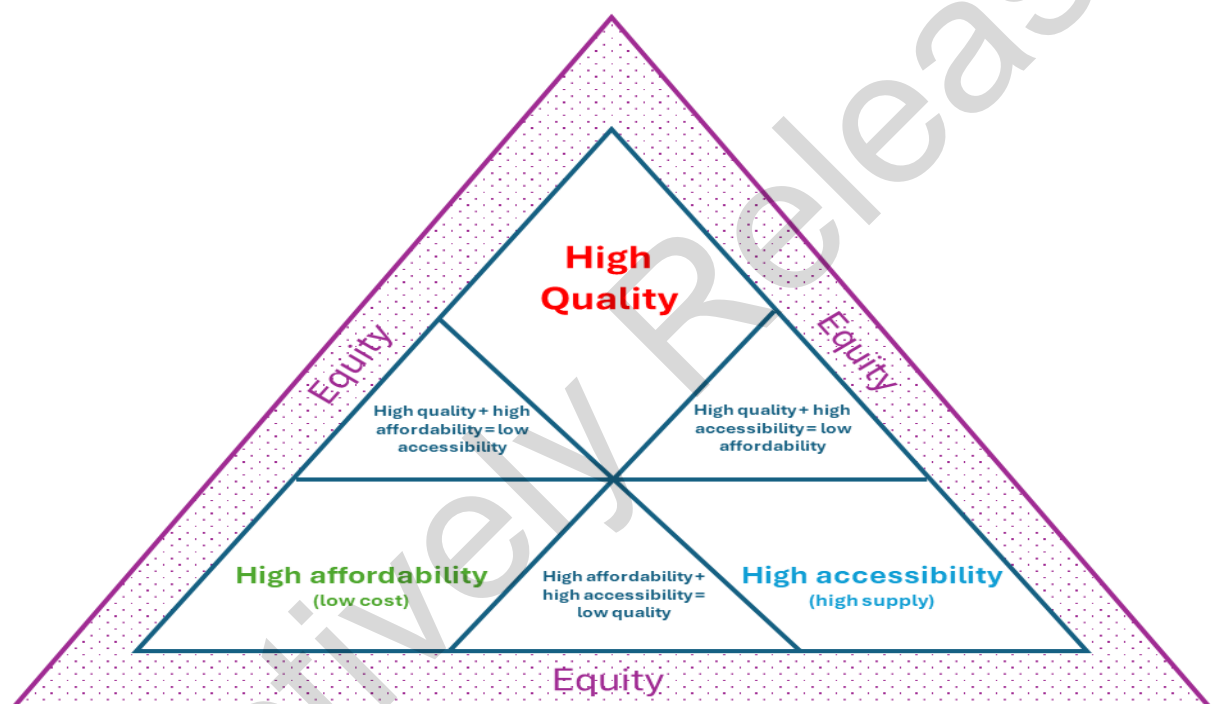
³³ The MAG will be receiving a separate paper on affordability.

often disproportionately impacted by inequity across a number of domains, including health, education, income and housing.

The cost of quality impacts the achievement of the Government’s goals

- 96. One of the key challenges for the Government in achieving its policy goals and objectives is that higher quality ECE costs more to produce. Key structural inputs, such as higher numbers of qualified teachers and lower adult to child ratios, are expensive. In addition, attributes of premises and facilities that support quality ECE services can also be expensive (e.g. sufficient space to enable smaller group sizes and opportunities for outdoor play). These costs maybe particularly significant for service providers in areas with higher property prices and rents.
- 97. The positive relationship between higher levels of quality and higher costs for service provision poses a significant challenge for the Government’s ability to simultaneously achieve all four objectives necessary to achieve its goal. This tension is illustrated in the figure 2 below.

Figure 2: The quality, affordability, accessibility trade-off



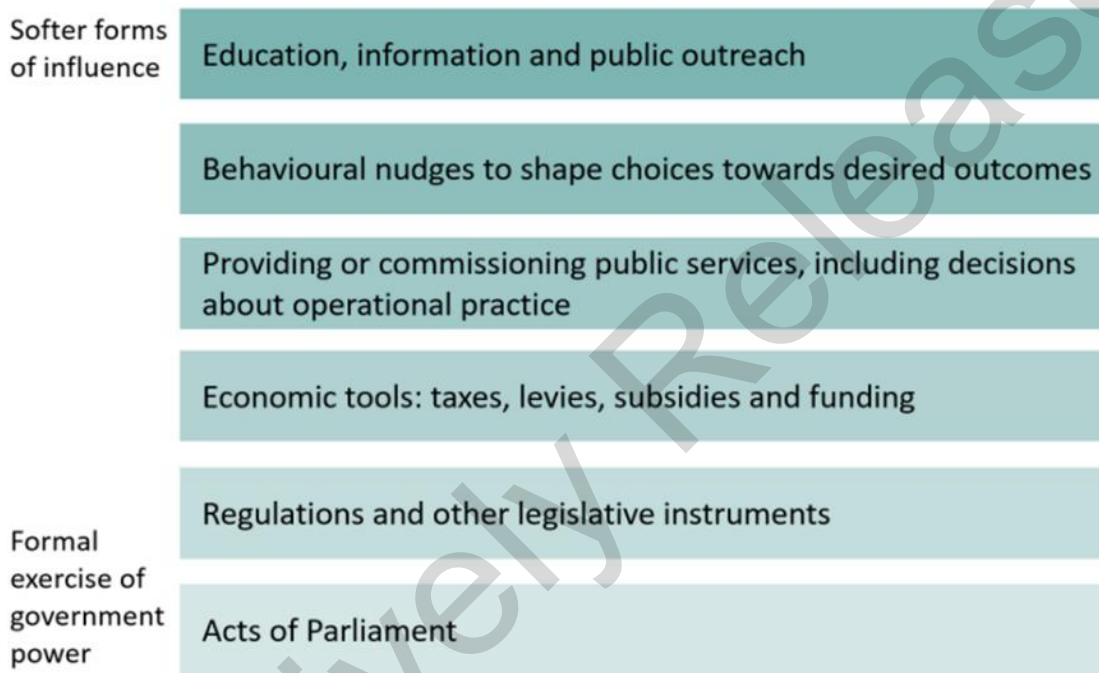
- 98. The triangle shows that high quality often comes at the expense of low affordability and low accessibility (e.g. higher levels of structural quality inputs that relate to the workforce and property impose additional costs on service providers). However, high affordability and high accessibility are likely to be associated with lower quality, as they are dependent upon service providers facing lower costs. Equity is a consideration across all parts of the triangle, as some children and families will not be able to participate in ECE without additional support regardless of where on the triangle the quality, affordability and accessibility permutation sits. However, the scale of the equity challenge is likely to vary, with lower levels of affordability, accessibility and quality all likely to be associated with higher levels of inequity.
- 99. A key choice for the Government in implementing policy to support the provision of quality ECE is whereabouts on the triangle the settings should sit in order to maximise the public and private benefits of ECE. This is a critical choice as it has implications for the cost of ECE, not only for the government, but for parents and caregivers too. Because the amount of government funding for ECE provision will always be limited, parents and caregivers will need to pay any costs associated with meeting the chosen level of quality that exceed the level of government funding. This means that government choices about the level of quality of ECE can have both significant positive and negative implications for children and families

How can the Government achieve its objectives?

There are a range of policy levers the Government can use to support quality ECE

100. There are a range of policy levers the government can use to influence the behaviour of people, organisations and systems to achieve its desired policy outcomes. Policy levers are often described as existing on a spectrum from softer forms of influence, such as information provision, through to the formal exercise of government power through legislation. The main types of policy levers are summarised in figure 3³⁴.

Figure 3: Spectrum of levers for government intervention



101. Different policy tools are better suited to addressing different types of policy problems and achieving different outcomes. For example, funding levers are well suited to situations where:

- a. behavioural change requires incentives rather than compulsion
- b. market failure exists and government needs to stimulate supply or demand
- c. flexibility is needed for innovation or diverse approaches
- d. capacity building is required
- e. the focus is voluntary uptake rather than enforcement

102. Regulatory levers on the other hand are better suited to situations where:

- a. clear standards or protections are needed (e.g. to address information asymmetries)
- b. uniform compliance is essential for fairness or risk mitigation

³⁴ [Policy and law | Department of the Prime Minister and Cabinet \(DPMC\)](#)

- c. negative externalities must be controlled
 - d. public interest requires mandatory action
 - e. funding alone won't achieve compliance or is not available.
103. Evaluation is also a valuable policy tool as it can provide information about what works and what does not work, including to inform the design of regulatory and funding levers. It plays a role in supporting levers such as information provision and behavioural nudges. Evaluation may also be used to support regulatory or funding decisions and can help identify inequity in access and outcomes for children and ways for addressing these. Combined with strong feedback loops, evaluation can also promote learning and continuous improvement and enhance accountability and transparency.
104. In practice, the government often uses a combination of policy levers to address a policy problem or achieve a policy objective (e.g. regulatory levers combined with information provision). In these situations, it is important to ensure that the different policy levers are designed to work together to solve the problem or achieve the objective in coherent and coordinated way. It is also important to avoid any unnecessary duplication or conflict between the levers, and situations where one lever unintentionally undermines the effectiveness of another. Criteria and context inform the government's choice of policy levers.

Criteria are used to choose between different policy levers

105. Effective policy levers can help policymakers achieve their goals. However, poorly designed levers can lead to unintended consequences, implementation challenges and stakeholder resistance³⁵. Policy makers use a range of criteria to determine which policy lever might be best suited to addressing the specific problem, or combination of problems, and reduce the risk of policy failure. Examples of criteria that can be used to choose between different levers include:
- a. Effectiveness: Which lever achieves the outcome most reliably?
 - b. Efficiency: Which is more cost-effective?
 - c. Equity: Does it distribute benefits and burdens fairly?
 - d. Feasibility: Is it politically and administratively viable?
 - e. Sustainability: Will it have a lasting impact?
 - f. Coherence: Will it complement or undermine the effectiveness of other levers?
106. As outlined above, it is also necessary to consider the extent to which different policy levers support the Crown to meet its obligations to Māori and iwi under Te Tiriti o Waitangi. There are also likely to be other international conventions that need to be considered, including the United Nations Convention on the Rights of the Child (UNCROC) and the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD).

Key features of the ECE system influence the choice and effectiveness of different levers

107. Key features of the ECE system influence how ECE services are delivered and the quality of provision. They are an important consideration in decisions about which policy levers to use to support the provision of quality ECE and a key determinant in how successful policy levers will be in achieving their intended outcomes.
108. Many of these features are the result of policy choices that have been made by successive governments about the design of the ECE system. However, this would have significant implications

³⁵ [Mastering Policy Levers: A Comprehensive Guide](#)

for the way ECE is delivered that would need to be considered. Key features of the ECE system that impact the choice and effectiveness include:

- a. **ECE services are provided through local markets.** This is a policy choice that recognises that ECE services would still be provided without any Government intervention (e.g. regulation or funding). This approach takes advantage of the private sector's willingness to invest in the sector to reduce the overall cost of ECE provision to the taxpayer. It provides scope for innovation in the sector and allows parents to have access a wide range of different types and qualities of provision that respond to their needs and those of their children. Some of the challenges created by this policy choice related to market failure are discussed above.
- b. **Participation in ECE is a choice.** This recognises parents' rights to determine what is in the best interests of their very young children prior to starting compulsory schooling. It acknowledges that there is unlikely to be a strong social licence for governments to instruct parents on how to care for their babies and young children. In reality, a range of factors impact parents' ability to exercise this choice, such as the need to earn an income and factors related to the accessibility and affordability of ECE.
- c. **Education and childcare are integrated.** Current policy settings do not separate the provision of childcare from the provision of education into two different service offerings³⁶. This recognises that babies and very young children are always developing and learning, and that it would be almost impossible to carve out times in their day when their social interactions, activities, and environment were not contributing to this. It also acknowledges the significant opportunity cost for both children and society of not ensuring that their social interactions, activities and environment are contributing to their learning and development in a positive rather than negative way.
- d. **Costs of ECE are shared.** The cost of participating in ECE is shared between the government (i.e. taxpayers) and parents through the childcare fees they pay. This recognises that there are both private and public benefits associated with ECE, and it is appropriate that parents should pay for the private benefits that they and their children receive. It also recognises that some parents may benefit more from using ECE, and some may be willing and able to pay more for higher levels of quality. However, not all costs of participating in ECE are shared. For example, the government does not cover travel costs. If families have to travel further to an participate in an ECE service due to low levels of accessibility in their local area, then they pay this cost.
- e. **Service providers use private and community-based ownership models.** Service providers use a through a range of community-based and private ownership models.³⁷ These may be profit or not-for profit. These arrangements can influence the incentives faced by service providers to deliver quality ECE. For example, private providers may be motivated to compete based on quality. However, they may also be motivated to cut costs to increase profits which could undermine impact quality. Community-based providers may have a strong philosophical desire to provide quality ECE but lack access to the necessary inputs to achieve this if they do not charge parents fees. Regardless of the ownership model, all service providers have operating costs that need to be met.
- f. **The market is made up of a large number of service providers.** The ECE sector is comprised of around just under 2,000 self-managing operators and organisations, known as service providers. These entities are largely privately owned and operated.³⁸ The service providers operate around 5,000 individual services. Licensed service providers range in size

³⁶ Childcare and education were officially integrated in 1989. Prior to that, some provision was considered childcare (with the Department of Social Welfare being the responsible agency) while other provision (kindergartens and playcentres) was considered education (under the auspices of the Department of Education). Separate regulations applied depending on whether the service was considered childcare or education.

³⁷ Community-based ownership models include incorporated societies, charitable, statutory and community trusts, and government departments. Private ownership models include sole traders, partnerships, companies, and private trusts.

³⁸ In 2024, from a total of 4,951 ECE services, 15 were owned by a Community Trust, 18 by a Health Board, 6 by a Local Authority, and 27 by a Public Education Institution.

from operating a single service to operating over 250 services. In 2024, around 194,597 were attending a licenced early childhood service.

Proactively Released

What is the current approach to quality?

The Government uses a combination of policy levers to support high quality ECE

- 109. The government uses a combination of policy levers to support the provision of high quality ECE, including market mechanisms, regulation, funding, evaluation, resources and support, and education and information. Each policy lever plays a different but complementary role in addressing market failure in the ECE system.
- 110. Figure 4 shows how the different policy levers build on each other to support an increasingly higher level of quality provision. Regulatory levers are used to set a minimum floor of good quality ECE below which is it not possible for ECE services to be provided. Funding levers are used primarily to ensure that the minimum levels of quality ECE that are required by regulation remain affordable and accessible for parents and caregivers. They also respond to inequities experienced by some children and families, including in relation to affordability and accessibility.
- 111. Figure 4 also shows that funding levers are used to provide service providers with opportunities to increase key structural quality inputs (i.e. numbers of qualified teachers) to levels above the foundational levels established in regulation. This enables service providers achieve a higher level of quality provision than what is required by regulation.
- 112. Independent evaluations are used to generate information about the actual levels of quality achieved by service providers, including as a result of the funding and regulatory levers. This helps address information asymmetries that may be impeding participation in quality ECE. When paired with strong and effective feedback loops, figure 4 illustrates how evaluations of service quality have the potential to increase the quality of ECE by promoting learning and continuous improvement.

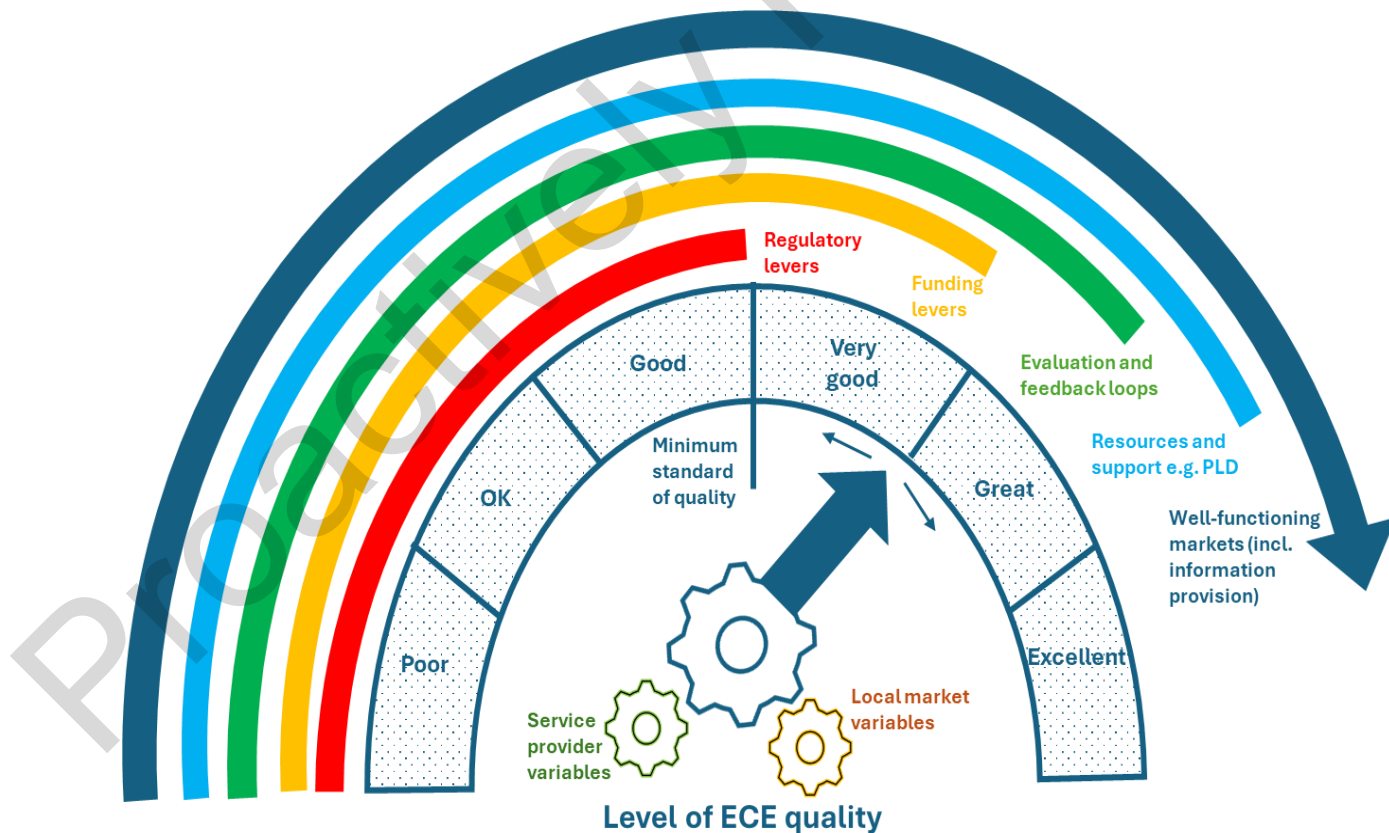


Figure 4: How government policy levers work together to support quality early childhood education

113. Figure 4 shows how directly provided resources and support, including professional learning and development (PLD), are used to enable service providers to achieve an even higher level of quality. Resources and support help build the capacity and capability of service providers to effectively engage with and respond to the requirements and incentives created by the other policy levers.
114. Ultimately however, figure 4 shows how well-functioning markets support quality levels to exceed those enabled by the other policy levers. They do this by incentivising service providers to respond to the full range of quality attributes that are valued by parents, caregivers and their children, and that are not fully captured by the government's regulatory, funding and evaluation policy levers.

The effectiveness of the policy levers is influenced by other variables

115. As well as showing how the different policy levers work together to lift quality, figure 4 highlights the role that variables at the individual service provider level and the local market level play in determining how well the policy levers actually support individual service providers to move up the quality scale. These variables can have both positive and negative impacts on quality.
116. Service provider variables are things that influence a service providers capacity and capability to respond to the policy levers. Examples include service size, business and operating models, financial and management capability, employment practices, staffing levels, and capability to understand and comply with regulatory requirements.
117. Local market variables include things like the ability of service providers to access key inputs to service provision, such as qualified teachers and suitable premises and facilities. They also include things like local levels of demand for different types of ECE and competition from other service providers.
118. Further information about the key policy levers and how they work together to support quality ECE is provided below.

Market forces

Market-based provision allows for a diverse range of quality offerings that respond to parents needs

119. As noted above, ECE services are provided by private providers through local markets. This is a key policy choice in the ECE system and plays an important role in supporting the provision of quality ECE services. It enables service providers to offer parents a choice of services that respond to the different attributes of quality they value. Service offerings can vary in numerous ways, including opening hours, languages spoken, teaching philosophies, learning environments, and learning opportunities.
120. Provided that any minimum regulatory requirements are met, service offerings may also vary in relation to key structural inputs of quality, such as adult-to-child ratios, group sizes, and numbers of qualified staff. The ability for service providers to provide parents with a choice of quality attributes that they value helps to encourage participation in ECE and supports the achievement of the Government's goal of maximising the public and private benefits of ECE.
121. Well-functioning local markets encourage healthy competition among providers, which can promote quality ECE. Competition motivates providers to show parents the advantages of participating in their service while keeping fees at a practical level, enabling them to compete on both quality and price.
122. However, as noted above, there are a number of reasons why local markets do not always work to support quality in this way. In addition to the market failures outlined above, demand from parents may not be sensitive to variations in service quality for other reasons. This includes a high inelasticity of demand for ECE services from some parents, such as those with no alternative childcare options and the need to earn an income. High costs associated with switching ECE services (e.g. search time, waiting lists, and disruptions to family routines) may also be a reason why demand from parents does not respond quickly to changes in service quality, as well as factors such as positive attachment and social relationships their children have formed with peers and staff.

123. The use of market forces to help support the provision of quality ECE does not sit comfortably with everyone. For example, some people consider that ECE should be regarded as a public good³⁹ (rather than a merit good), provided free of charge by the government and made accessible to all children. Others are concerned that competition and profit-seeking behaviours by privately owned service providers may drive down quality in favour of profit and put children's health and safety at risk.
124. The reality is that local markets play a critical role in New Zealand's ECE system. They are a valuable policy lever for supporting participation as they enable parents and caregivers to have a choice of ECE services that offer the unique attributes of quality that they value and that may not be identified as important quality attributes in some of the other policy levers (e.g. regulation or evaluation).
125. Nevertheless, it is critical that the wider policy settings not only take advantage of the benefits of market forces, but also effectively work to mitigate the potential risks, such as excessive profit taking and poor-quality provision. As well as supporting quality ECE, the following levers are used by the government to support well-functioning markets, including through addressing market failure as outlined above.

Regulatory levers

Regulation is the main lever that ensures a minimum level of quality provision

126. Regulation plays a key role in supporting quality ECE, including by setting a minimum floor of quality provision. Key ECE regulatory levers include licensing, certification, standards and criteria. Occupational regulation of the teaching profession also plays an important role, including through setting requirements for teacher registration and on-going certification.

Licensing prevents poor quality providers from entering or remaining in the market

127. Licensing is the main regulatory lever used to support the provision of quality ECE. The ECE licensing regime is currently administered by the Secretary for Education (the Secretary), however a new independent statutory role, the Director of Regulation, will in future perform this function. The Education (System Reform) Bill proposes that the Director of Regulation role will transfer from the Ministry of Education (the Ministry) to the Education Review Office (ERO).
128. Licensing works by creating barriers to entry into the market for providing ECE services. Licence conditions set the requirements to enter the market, including a fit and proper test for service providers. They also set the circumstances under which a potential provider will be prevented from entering and re-entering the market and forced to exit the market.
129. The barriers to entry created by service licensing effectively set a minimum level of quality provision. If service providers cannot meet the minimum level of quality, then they cannot provide ECE services. Once a service provider is licensed, they are free to provide a level of quality in excess of the minimum, as long as they continue to meet the regulatory requirements.
130. The Education and Training Act 2020 (the Act) provides for three different types of licensed service providers:
- a. early childhood education and care centres, which may be:
 - i. teacher-led; or
 - ii. parent or whānau led (i.e. Playcentre or Kōhanga reo);
 - b. home-based education and care services; and
 - c. hospital-based education and care services.

³⁹ A public good is a good that is non-excludable (i.e. people cannot be excluded from using it) and non-rivalrous (the use of the product by one person does not prevent another person from using it). Examples include public parks and National defence.

131. The Act requires that all service providers operating an early childhood education and care centre must be licensed in accordance with the Education (Early Childhood Services) Regulations 2008 (the Regulations) and licensing criteria prescribed by the Minister of Education (the Minister). It also provides for service providers found to be operating without a licence to be fined up to \$50,000. Licenses are issued in perpetuity and, subject to compliance with the regulatory requirements, may be held in perpetuity or transferred to another service provider.
132. Because licensing restricts entry to the market to only those that can meet the minimum level of quality provision, it has the effect of reducing the potential supply of ECE services. As outlined above, an undersupply of ECE can negatively impact service affordability and accessibility for parents. While it is important to ensure unsafe providers are prevented from entering and remaining in the market, it is also important to ensure that the requirements for entry are not set so high as to have a detrimental impact on the achievement of the government's wider objectives of encouraging participation in ECE, including through ensuring affordability and accessibility for parents.
133. Annex 1 provides further information on New Zealand's current regulatory settings for ECE, including specific requirements for different service types, occupational regulation of the teaching profession, and other regulatory systems that influence the quality of ECE.

Funding Levers

The Act requires that licensed service providers must be funded by government

134. Section 548(1)(a)(i) of the Act requires that service providers of every licensed early childhood service must be paid general grants and may be paid 1 or more discretionary grants out of money appropriated by Parliament (i.e. government funding). The Act does not require that the amount of funding be sufficient to cover the cost of being licensed or the ongoing costs of meeting licence conditions. However, the Act does allow funding to be withheld in whole or in part if the service provider fails to comply with the Regulations or any conditions of the licence (or certificate).
135. While not its main purpose, the receipt of government funding helps encourage compliance with the requirement to be licensed. This is because prospective service providers proactively seek out licensing in order to receive funding. This makes it less likely that service providers will attempt to operate outside the regulatory framework and reduces the risk that parents may unknowingly use an unlicensed ECE service.
136. A key purpose of government funding is to ensure that quality ECE remains affordable and accessible to parents and caregivers, which in turn contributes towards achieving the government's objectives around child development outcomes and labour market participation. However, there is no guarantee that funding will ensure that access to quality ECE is more affordable, as the government does not control the fees charged by service providers to parents.

Variable funding rates were introduced to incentivise higher levels of structural inputs

137. From 1990 through to 2005, all ECE services received either a standard or quality rate of funding as a subsidy or grant to contribute to the costs of provision. With the introduction of certificated teacher funding bands from 2005, access to higher funding rates for centre-based services now depends on employing higher proportions of certificated teachers.
138. Certificated teacher funding bands recognise that structural quality inputs, such as adult-to-child ratios and proportion of certificated teachers, are the primary cost drivers for teacher-led services. For example, as part of work done for Budget 2023 the Ministry estimated that certificated teacher salaries account for 45% of education and care services costs and 68% of kindergarten service costs. The funding system is now structured to incentivise and recognise the cost of higher levels of structural quality inputs.

Different rates are paid for different proportions of certificated teachers

139. The structural quality indicators used to determine funding rates differ by service type. For teacher-led centre-based services, structural quality for funding purposes is linked to the percentage of certificated

teachers working in ratio with children. This allows funding to partially reflect the price of employing a greater proportion of certificated teachers.

140. The structure of certificated teacher funding bands has changed over time but, at present, there are five bands, each with corresponding funding rates:
 - a. 100% certificated teachers
 - b. 80-99% certificated teachers
 - c. 50-79% certificated teachers
 - d. 25-49% certificated teachers
 - e. 0-24% certificated teachers
141. Through paying higher rates for higher proportions of certificated teachers, funding levers incentivise higher levels of structural quality than the minimum levels set in regulation and recognise the higher cost of these higher proportions of certificated teachers. In addition, the funding levers mean that a higher proportion of the ECE workforce is captured within the occupational regulation framework, including teacher registration and certification.
142. For other service types (e.g. playcentre and kōhanga reo), funding rates are linked to different quality criteria, usually adult-to-child ratios and/or staff qualification mixes. For home-based services, there has historically been two funding rates – the ‘standard rate’ and ‘quality rate’. From 1 January 2025, the system was adjusted so that only the quality rate was available. This is because changes to the regulations to require that all educators have a home-based service qualification rendered the conditions associated with the standard rate non-compliant with the new minimum standards.

Rationale for different funding bands

143. The current system for differentiating funding rates originated from the 2004 review of ECE under the 10-year strategic plan Pathways to the Future: Ngā Huarahi Arataki. The model was originally based on, and intended to be responsive to, changes in service cost drivers such as administrative and licensing requirements, regulated ratios, qualification requirements, and property maintenance costs. The approach modified the bulk funding system so that changes in funding rates could be more directly linked to these cost drivers. However, it was never intended to fully cover the actual cost of service delivery as an underlying assumption of the ECE system is that it is co-funded.
144. Following the 2004 review, cost drivers were monitored periodically through a semi-regular Survey of Income, Expenditure and Fees conducted between 2006 and 2013. These surveys analysed a variety of costs such as staffing costs, rent, and insurance. Surveys involved additional cost for providers who responded, and for the Ministry in analysing results. They were intended to enable future funding rate changes to be tailored to price inflation for the average basket of costs faced by ECE services, rather than to general price inflation. In practice, adjustments to the rates were also influenced by other factors, such as other government priorities, collective agreements, and Budget constraints.
145. In the period since 2013, the changes to funding rates that have occurred have been based on general price inflation. Because of these factors, and because the earlier focus was on changes to rates rather than the underlying level of rates, the differentiated funding rates, including the relativities between them, did not directly reflect relative costs of service provision.

Differentiated funding can also support elements of process quality

146. The Ministry also provides differentiated funding to services based on policy settings that are not directly related to structural quality inputs. Some examples of this are funding to support the Kindergarten Teachers’ Collective Agreement (KTCA) and the Pay Parity opt-in scheme. While these funding streams were not specifically designed to support quality in the system, they may have indirect impacts on process quality.

Kindergarten funding is likely to support process quality

147. Kindergarten funding rates reflect changes to costs associated with staffing conditions set out in the KTCA based on each KTCA settlement. These conditions are predominantly regarding teacher salaries, however, can also include entitlements around sick leave and Head Teacher professional time.
148. As discussed above, process quality refers to the day-to-day interactions between adults and children in ECE that best support learning and development. Teachers' working conditions and level of experience can be a key influence on these day-to-day interactions. Further, regular pay increases can support staff retention, which enables more stable relationships between teachers and children. Therefore, funding for the KTCA may have indirect impacts on the process quality of kindergarten services.

Pay Parity is likely to have both positive and negative impacts on quality

149. The pay parity opt-in scheme (the Scheme) was introduced in 2022 to start moving certificated teachers in education and care services towards pay parity with the salary scale outlined in the KTCA. Through encouraging higher teacher pay, the Scheme may positively impact on process quality by supporting higher levels of teacher retention and job satisfaction.
150. However, the Scheme was only intended as an interim policy and the current design may create mixed incentives for service providers. For example, like all ECE funding based on the average costs of provision, the Scheme funds services at an average level rather than reflecting individual staffing costs. This approach may incentivize services to employ predominantly beginning teachers, as funding does not differentiate for hiring a higher proportion of experienced staff on higher salaries. This could negatively impact process quality, as experienced teachers can have greater expertise in fostering positive day-to-day interactions with children.

Māori and Pacific immersion teaching allowances may indirectly impact process quality

151. Another funding type that may impact process quality is the Waha Rumaki and Pacific Immersion Teaching Allowances. This funding was designed to support Māori and Pacific immersion and bilingual ECE services to attract and retain qualified teachers with the necessary language capabilities. Like the KTCA staffing conditions, these allowances may impact process quality through raising teacher satisfaction and retention. It may also support the availability of immersion and bilingual ECE that parents perceive as high quality, by supporting the employment and retention of teachers with language capabilities.

Equity and Targeted Funding for Disadvantage support participation in quality ECE

152. While primarily designed to address inequities and support accessibility, the Ministry of Education's equity and targeted funding may also support quality. The Ministry's targeted funding is provided with relatively broad spending guidelines, allowing services flexibility to tailor support to their specific needs. The TFFD reporting shows that services allocate funding towards more direct structural indicators of quality such as hiring additional staff (21%), professional development (6%), and educational resources (14%), but that the largest share of this funding (39%) is used to support affordability by reducing parent fees.

Targeted funding from other agencies

153. Funding from other government agencies, such as the Ministry of Social Development and Inland Revenue, is not primarily intended to influence quality in the ECE system. Instead, it aims to address issues such as equity, affordability, and the cost of living. While this funding does not directly support quality improvements, it helps enable participation in quality ECE for families who may otherwise struggle to afford fees associated with higher structural quality. Additionally, this funding can only be accessed by licensed providers, which encourages services to maintain the minimum quality standards required to receive funding.

Evaluation and feedback loops

154. Regular independent evaluations of ECE services are undertaken by the Education Review Office (ERO) in accordance with the Education and Training Act 2020. ERO reviews all service types, (including centre-based, licensed home-based and licensed hospital-based), across English, Māori and Pacific medium settings. ERO has provided further information about this process during previous MAG meetings.

Resources and support

155. The Government uses resources and support to help build the capacity and capability of service providers and others within the sector, including the workforce, to engage with and respond to the requirements and incentives created by other policy leavers.
156. For example, a wide range of self-directed and guided resources are made available through Te Whāriki Online to support service providers and teachers to implement Te Whariki and assess children's learning. In addition, the Ministry also provides extensive support to licensed service providers to help ensure they can meet the requirement in the Regulations to provide professional leadership and development (PLD) opportunities to their staff.
157. Resources and support are also used address workforce constraints that may exist in some local markets and prevent service providers from meeting regulatory requirements and/or responding to funding incentives. Key examples include the provision of scholarships to support people to become qualified ECE teachers, and the provision of Overseas Finders Fees and Overseas Relocation Grants to help with the recruitment of qualified teachers from overseas.
158. ERO also provides resources to support ECE services undertake their own internal evaluations of their teaching practices in order to improve educational outcomes for children. Internal evaluation helps service providers assess what is and what is not working, and for whom, and identify the changes needed to improve outcomes for children.

Information and education

159. The Ministry and ERO both provide information to parents and caregivers, service providers and the workforce to order to support access to and the provision of quality ECE. This includes information and guidance on how to comply with the regulatory requirements and funding conditions. It also includes information to help parental decisions about ECE participation, and information to support service providers to improve quality. Key sources of information include the ECE Directory, Education Counts, and ERO reports.

How effective is the current approach?

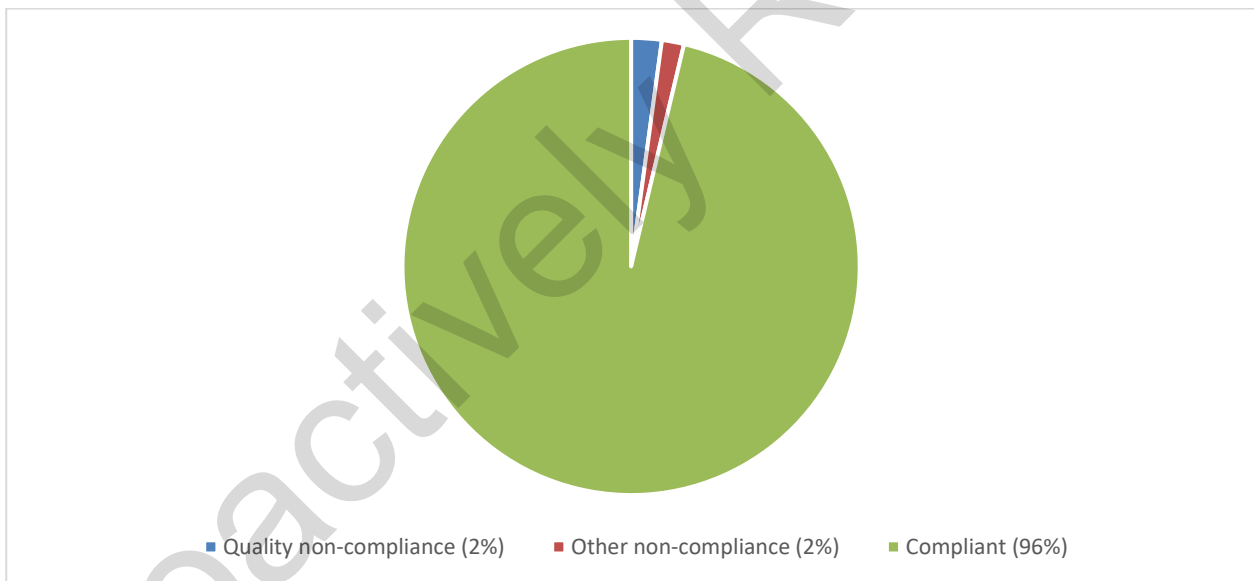
How effective are the current levers at setting quality standards and lifting quality?

- 160. This section explores data on the presence of measurable quality indicators in ECE services, highlighting differences across key service characteristics. It also examines the extent to which services exceed minimum standards, offering insights into how current policy levers contribute to achieving higher levels of quality.
- 161. Overall, levels of non-compliance with minimum quality standards are not high in the current system, as services are incentivized by the funding system to operate above minimum standards. While there are minor variations in quality indicators across services with different characteristics, these differences are marginal and do not indicate a significant problem in the system.

Levels of compliance with regulated minimum standards

- 162. In 2024, 164 ECE services were found to be non-compliant with regulated minimum standards (4%). Of these services, 35 were non-compliant with structural quality requirements (e.g. qualifications and ratio requirements) and 75 were non-compliant with key process quality requirements (i.e. curriculum criteria). For this section, we have chosen curriculum standards as they likely indicate aspects of process quality. Additional licensing criteria linked to process quality have not been included for simplicity. Other key areas of non-compliance included health and safety, governance, and administration, with some services not meeting standards in multiple categories.

Figure 5: Level of compliance with regulated minimum standards differentiated by quality non-compliance

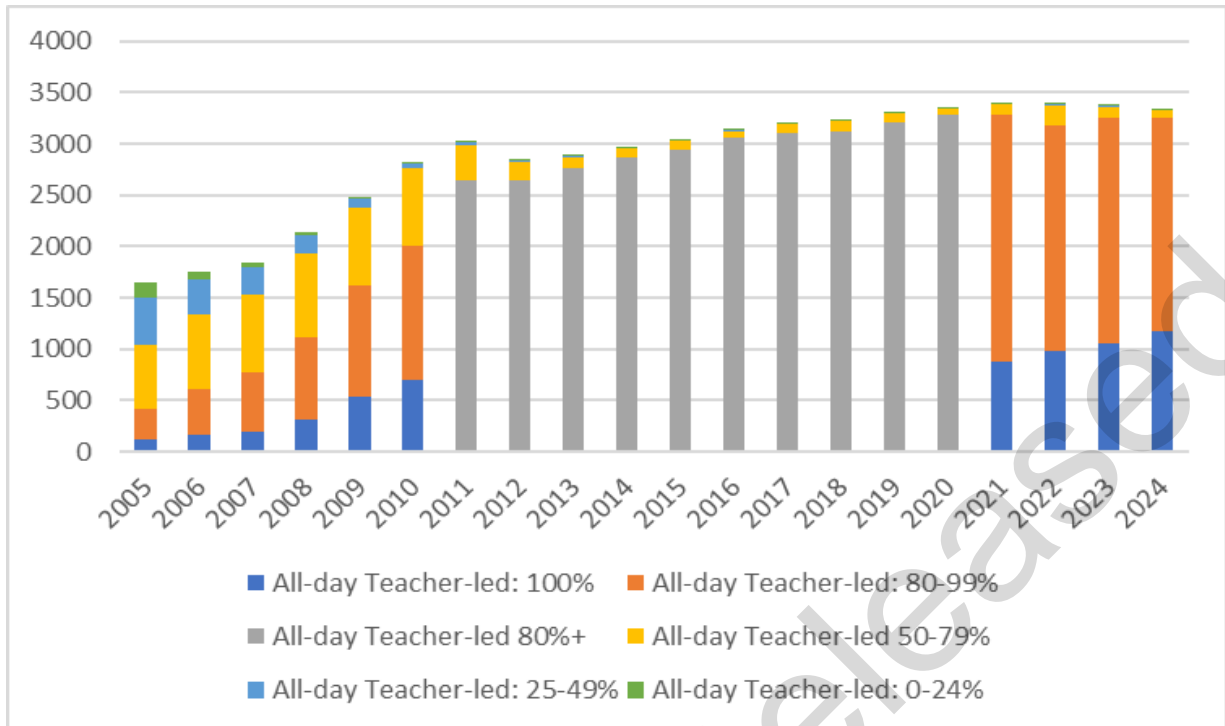


- 163. Of the services that didn't meet the minimum structural standards or process quality standards, none resulted in license suspension. Overall, there does not appear to be a high level of non-compliance with the minimum standards for structural quality, this may be because the funding levers encourage providers to aim for higher levels of quality inputs.

Presence of higher levels of structural quality factors

- 164. Since their introduction in 2005, certificated teacher funding bands have influenced services to operate with higher proportions of certificated teachers. Over time, the proportion of certificated teachers in teacher-led centre-based ECE services has risen from 51.9% in 2005 to 70.4% in 2024. Figure 6 below shows that in 2005, 622 education and care services (39%) were in the 50-79% funding band, compared to 72 services (3%) in 2024.

Figure 6: Number of education and care services and kindergartens in each certificated teacher funding bands⁴⁰



165. Although ratios are not incentivised through the funding system, available data indicates that, on average, teacher-led centre-based services operate above the regulated ratios. Table 3 below compares the current regulated ratios with the average peak-time operating ratios across different age groups. This data is drawn from the busiest hour of service operation during the 2024 ECE census week. It is important to note that this data only represents a one-hour snapshot of operation and may not fully reflect the nuance of ratios. However, it is currently the best measure available to the Ministry.

Table 3: Comparison between minimum regulated ratios standards and average peak-time operating ratios

	Under 2-year-olds	2-year-olds	Over 2-year-olds
Regulated ratios	1 adult:5 children	1 adult: 1-6 children 2 adults: 7-20 children 1 adult: 10 children (>20 children)	
Average peak-time operating ratios	1 adult: 3.9 children	1 adult: 5.5 children	1 adult: 6.3 children

166. For licensed home-based services, key data previously available on quality was whether they received either the ‘standard’ or ‘quality’ funding rate. Noting that the standard rate for home-based services was removed in January 2025, all home-based educators are now required to hold or be working towards a home-based qualification.

Does the current approach result in quality ECE for all children and parents?

167. While the data above indicates that, at a sector-wide level, services are operating above minimum standards, the next section examines whether this is consistent across all services. It explores

⁴⁰ The 100% certificated teacher funding band was removed in 2011 and replaced by an 80%+ band. This was to align funding incentives with teacher supply targets and to control increasing fiscal costs of ECE to government after the global financial crisis. The 100% certificated teacher funding band was reintroduced in 2021 as part of implementing the He taonga te tamaiti - Every child a taonga: Early Learning Action Plan 2019-2029.

patterns of non-compliance and the presence of higher quality inputs by characteristics such as service type, service size, network size, rural or urban status, and equity index.

Levels of non-compliance with indicators of quality broken down by key service characteristics

168. As discussed, overall, levels of non-compliance with minimum structural quality standards do not appear to be a significant concern in the current system as other incentives (e.g. funding incentives and market competition) are likely encouraging providers to aim for high quality inputs.
169. Some variations can be seen in how different types of services are represented in the non-compliance data. However, these differences are generally negligible and do not suggest that any particular group is struggling to meet minimum standards at significantly higher rates than others.

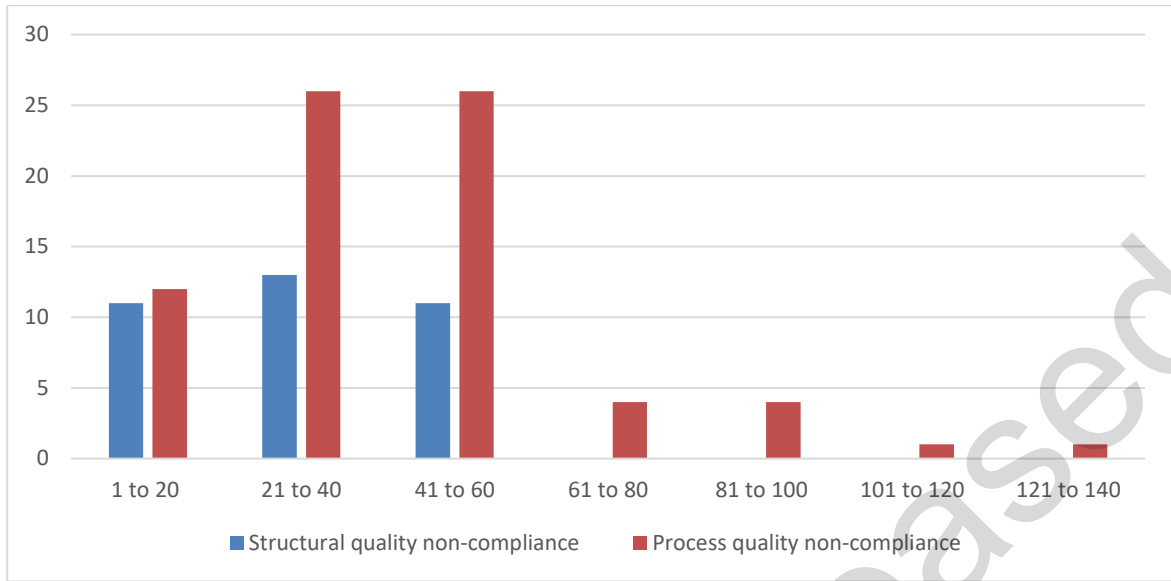
Service type

170. The differing operating models, regulations, and funding arrangements across service types may impact the regularity of non-compliance against regulations. This section explores whether some service types are more or less represented in the non-compliance data for structural and process quality indicators.
171. Of the services non-compliant with structural quality requirements in 2024 (e.g. qualification and ratio standards), the number were Playcentres (12 services), followed by Education and Care services (11 services) and Home-based services (8 services). Playcentre services are likely the largest because they are parent-led, which can make it more challenging to meet minimum qualification requirements. These requirements are typically fulfilled by multiple parents holding lower-level qualifications.
172. A different pattern is present for the 75 services non-compliant with process quality requirements (i.e. curriculum criteria). In this category, Education and Care services account for the majority (58), followed by Home-based services (6). Since education and care services are the largest part of the sector, it is unsurprising that they account for the highest proportion of curriculum non-compliance.

Service size

173. Service size can influence how an ECE service operates as larger services are often aided by economies of scale, which allow them to spread fixed costs across more enrolments. This can lead to greater efficiency and lower per-child costs compared to smaller services. As a result, smaller services may be more vulnerable to financial pressures, while larger services may have more flexibility to invest in quality indicators.
174. For this section, roll size data has been grouped into increments of 20 children to provide a general indicator of service size. Of the services that were non-compliant with structural quality requirements, 11 had rolls of 1–20 children, 13 had rolls of 21–40 children, and 11 had rolls of 41–60 children. The average roll size across all ECE services is 45, yet no services with a roll size greater than 59 were non-compliant with structural quality requirements.
175. For non-compliance with process quality indicators, the data shows a wider range of service sizes, from the smallest with a roll of 10 to the largest with a roll of 127. The most common roll size among these services were 21–40 children (26 services) and 41–60 children (26 services). The graph below provides further detail on this distribution.

Figure 7: Distribution of non-compliance with indicators of quality across service sizes



Network and governing body size

- 176. Services that are part of wider networks or governing bodies are generally assumed to have greater support and guidance in meeting and exceeding quality standards. This section examines this assumption by considering both the presence of service networks and their size, and how these factors relate to compliance with structural and process quality requirements.
- 177. In 2024, structural quality non-compliance was recorded for 12 standalone services (representing 1% of all standalone services) and 23 services part of wider networks (representing 1% of all networked services). Of the services with wider networks, 10 belonged to networks with fewer than 30 services, while 13 were part of networks with more than 250 services. Notably, there is a gap in the middle range, with no structural quality non-compliance observed in networks of intermediate size. Due to the small number of non-compliant services, it is difficult to determine whether this is significant or simply a coincidence.
- 178. For process quality indicators, 44 standalone services were non-compliant (representing 3% of all standalone services), while 31 services in wider networks were non-compliant (representing 1% of all networked services). Of the services with wider networks, 22 were in networks with fewer than 30 services, and 5 were in networks with more than 250 services. There were 4 additional non-compliant services in networks of intermediate size.

Rural or urban status

- 179. When comparing the proportion of non-compliance cases relative to the urban and rural classification sizes, the two exhibit very similar rates of low non-compliance:
 - a. **Structural quality non-compliance:** Ranges from 0 to 1 percent for services located across both urban and rural areas.
 - b. **Process quality non-compliance:** Ranges from 1 to 2 percent for services located across both urban and rural areas.
- 180. ECE services in rural areas may face unique challenges due to their location. Rural services may struggle to attract and retain qualified teachers, as the pool of educators in rural communities is much smaller than in urban areas. However, as minimum structural quality standards are set relatively low compared to funding incentives there is no significant difference in compliance between urban and rural areas.

Equity Index

181. Services with high levels of children from disadvantaged backgrounds may have less capacity to charge fees compared to more advantaged services. As staffing-related quality indicators are a major driver of cost for services, this could impact structural quality. However, as demonstrated in Table 4 below there is no significant difference in quality related non-compliance amongst services across different groupings of the new ECE equity index.

Table 4: Level of non-compliance with quality standards across socio-economic groupings

	Non-compliance with structural indicators of quality	Non-compliance with process indicators of quality
High disadvantage (Index numbers 151 to 226 includes 509 services)	2 services (0% of this group)	6 services (1% of this group)
Medium disadvantage (Index numbers 76 to 150 - includes 2411 services)	24 services (1% of this group)	57 services (2% of this group)
Low disadvantage (Index numbers 1 to 75 – includes 1389 services)	9 services (1% of this group)	12 services (1% of this group)

Presence of higher structural quality indicators of quality broken down by key service characteristics

182. Compliance action is largely reactive and focused only on meeting the minimum standards set in regulation, therefore, it may not provide a full picture of the level of quality ECE services provide. This section examines data on certificated teacher funding bands and ratios to identify whether any service characteristics are linked to difficulties in exceeding minimum standards. The analysis will focus exclusively on structural quality settings for teacher-led, centre-based services as data is limited for other service types.
183. The data on ratios is sourced from the busiest hour of service operation during the 2024 ECE census week. As mentioned above, this data only represents a one-hour snapshot and may not fully reflect overall service operations. However, it is currently the best measure available to the Ministry.

Service type

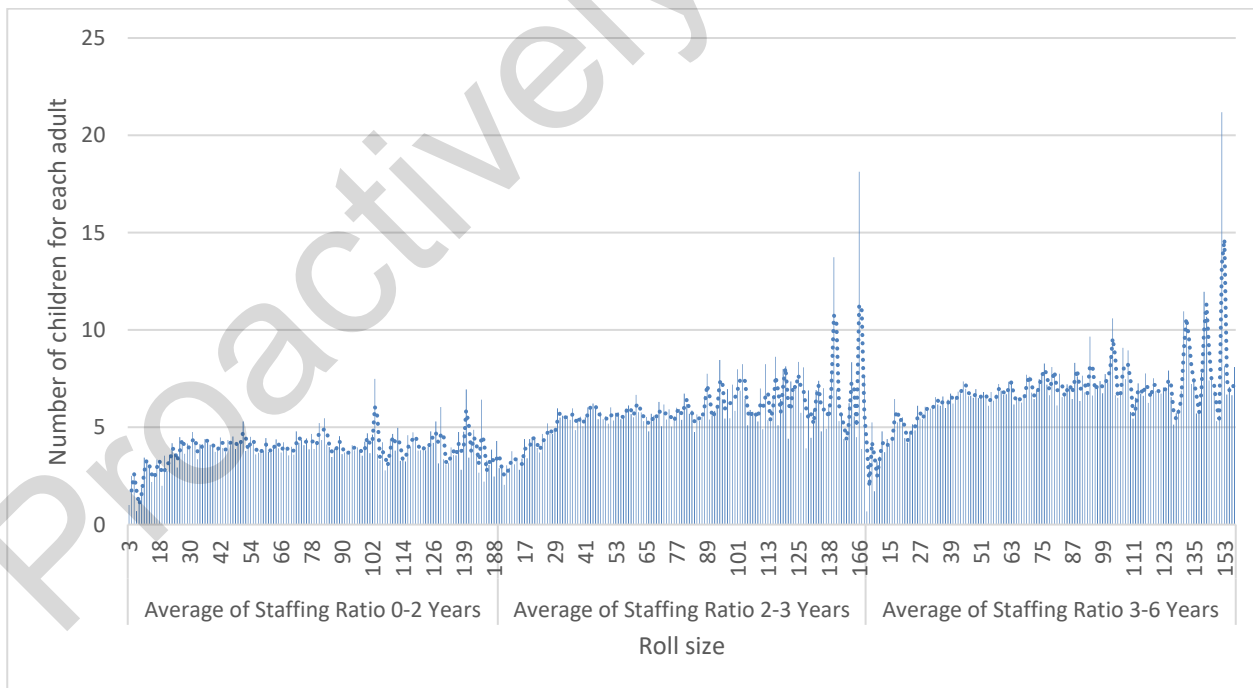
184. As service types have different operating models, their choices around structural quality inputs often reflect their particular model. For example, kindergartens, on average, employ higher proportions of certificated teachers, while making trade-offs with ratios, as they cater to older children. In contrast, education and care services generally operate with lower proportions of certificated teachers than kindergartens but report better peak-time ratios, likely reflecting the younger ages of the children enrolled.
185. Among education and care services, 71% fall within the 80–99% certificated teacher funding band, while 25% are in the 100% band. In comparison, kindergartens have 78% of services in the 100% band and 21% in the 80–99% band.
186. Education and care services generally operate with better peak-time ratios than kindergartens. Across age groups, the average peak-time operating ratio for education and care services is better by approximately 0.2 to 0.3 children per adult. It is important to note that both service types operate

above minimum standards. Therefore, this section highlights how different operating models influence structural quality choices rather than indicating any concerns.

Service size

- 187. As noted earlier, service size can influence the daily operations of ECE services (including the level of structural quality services operate at) as larger services often benefit from economies of scale. The data shows that services in lower funding bands tend to have smaller average roll sizes; however, it also shows that smaller services operate with marginally better peak-time ratios compared to larger services.
- 188. On average, services in higher certificated teacher funding bands have larger roll sizes than services in lower certificated teacher funding bands. Noting that teacher-led centre-based services have an average roll size of 50.4, this is demonstrated below:
 - a. **0-24% certificated teacher funding band:** Average roll size of 17
 - b. **0-24% certificated teacher funding band:** Average roll size of 9
 - c. **50-79% certificated teacher funding band:** Average roll size of 39
 - d. **80-99% certificated teacher funding band:** Average roll size of 55
 - e. **100% certificated teacher funding band:** Average roll size of 45
- 189. An opposite trend is seen with ratios, as smaller services typically report better peak-time ratios than larger services. This is illustrated in the graph below. However, it is important to note there may be some data quality issues, as some services report having ratios above 1:15 for the 2–6 years age group.

Figure 8: Differences in the average peak-time operating ratios across service sizes



Network and governing body size

190. Network and governing body size can also impact what level of structural quality inputs services operate at. As mentioned earlier, services that are part of wider networks are generally assumed to have greater support and guidance in meeting and exceeding quality standards. This may be somewhat reflected in the certificate teacher funding band data, but it is not evident in the average peak-time operating ratios.
191. Standalone services are more likely to fall into lower certificated teacher funding bands than networked services. However, the difference is not significant enough to indicate a systemic issue.
- c. **For standalone services:** 32% are in the 100% band, 64% are in the 80–99% band and 4% are in other funding bands.
 - d. **For networks with 2–50 services:** 36% are in the 100% band, 62% are in the 80–99% band, and 2% are in other funding bands.
 - e. **For networks with 50–250 services:** 42% are in the 100% band, 57% are in the 80–99% band, and 1% are in other funding bands.
192. A different trend appears in the ratio data, standalone services and those in networks of 2–50 services have similar peak-time operating ratios, while services in networks with more than 50 services show slightly higher ratio. As above, the difference is not significant enough to indicate a systemic issue.
- a. **For standalone services:** the average peak-time operating ratios are 1:3.8 for children under 2 years, 1:5.3 for 2-year-olds, and 1:6.1 for children over 2 years.
 - b. **For networks with 2–50 services:** the average peak-time operating ratios are 1:3.8 for children under 2 years, 1:5.3 for 2-year-olds, and 1:6.3 for children over 2 years.
 - c. **For networks with 50–250 services:** the average peak-time operating ratios are 1:4 for children under 2 years, 1:6 for 2-year-olds, and 1:6.5 for children over 2 years.

Rural or urban status

193. ECE services in rural areas often face unique challenges due to their location. However, the data below shows that this does not necessarily result in lower levels of structural quality. While rural services may find it slightly harder to reach higher certificated teacher funding bands, the difference between urban and rural services is not significant. Further, rural services report better peak-time operating ratios than services in urban areas.
194. The data shows that 7% of services in rural settlements fall below the 80–99% and 100% funding bands, which is the highest proportion across all rural and urban classifications. In comparison, services in urban areas have between 2–4% services falling below the 80-99% and 100% funding bands.
195. Across all rural and urban classifications, rural settlements consistently have the best average peak-time operating ratios for all age groups. However, the difference is relatively small, with rural services having no more than 0.6 children less children per adult.

Equity Index

196. As noted earlier, services with a high proportion of children from disadvantaged backgrounds generally have less ability to charge parent fees than those serving more advantaged communities. However, this does not appear to impact the levels of structural quality indicators across these services.

197. Table 5 below shows that services with high and medium levels of disadvantage display very similar proportions of certificated teachers and peak-time operating ratios. Low-disadvantage services also have similar ratios, with only a slight increase in the proportion of certificated teachers.

Table 5: Level of structural quality indicators across socio-economic groupings

Certificated teacher funding bands		Average peak-time operating ratios	
High disadvantage (Index numbers 151 to 226 includes 204 teacher-led centre-based services)			
100%	69 services (34% of this group)	Under 2s	1:4.2
80-99%	127 services (62% of this group)	2-year-olds	1:5.4
Less than 80%	8 services (4% of this group)	Over 2s	1:6.5
Medium disadvantage (Index numbers 76 to 150 - includes 2002 teacher-led centre-based services)			
100%	664 service (33% of this group)	Under 2s	1:4.1
80-99%	1281 services (64% of this group)	2-year-olds	1:5.6
Less than 80%	57 services (3% of this group)	Over 2s	1:6.5
Low disadvantage (Index numbers 1 to 75 – includes 1067 teacher-led centre-based services)			
100%	428 services (40% of this group)	Under 2s	1:3.8
80-99%	629 services (59% of this group)	2-year-olds	1:5.4
Less than 80%	10 services (1% of this group)	Over 2s	1:6.2

Insights from Ministry for Regulation's Review

198. In M4R's recent review of ECE regulations, consultation highlighted concerns about quality from the perspective of teachers and service providers. While Ministry data shows that structural quality inputs are relatively high, many in the sector expressed that current funding is insufficient to achieve high-quality.
199. Over half of submitters said government funding does not support high-quality ECE. Some then linked this to the idea of ECE as a public good, expressing it should be fully government-funded and not-for-profit.
200. ECE workers generally thought that more funding is required to better support adult-to-child ratios, fair pay for teachers, higher proportions of qualified staff, and children with additional needs. Service providers echoed these concerns, saying limited funding prevents them from exceeding minimum ratios, and opting into higher levels of pay parity. This group identified having to make trade-offs

between quality indicators such as better adult-to-child ratios, more qualified staff, higher pay, and flexibility for families⁴¹.

201. Parents who submitted to the review's consultation did not often explicitly reference structural quality indicators such as qualified teachers or ratios. The key themes present in parents' feedback are summarised below:
- a. 63% of parents reported being very satisfied with their current ECE
 - b. 19% of parents had only one choice of ECE
 - c. 28% of parents have withdrawn their child from ECE for reasons other than moving
 - d. 35% of parents said their service had frequent sickness outbreaks
 - e. 18% of parents said they did not have access to the information they wanted to make a choice

Insights from service level evaluations

202. ERO's latest annual report outlines that in the 2024/25 year they carried out 1,260 ECE reviews⁴². A notable finding of these reviews is that services run by large governing bodies were, on average, operating at lower quality than stand-alone services. Of the 567 stand-alone services reviewed, 53% met or exceeded ERO's quality standard. Of the 545 services managed by 14 governing organisations reviewed, only 32% met or exceeded the quality standard.
203. These results don't fully align with the Ministry's quality indicator data discussed above. The difference likely reflects the distinct roles of the two agencies and the fact that structural indicators do not always translate into high day-to-day process quality.

⁴¹ [ECE-Regulatory-Review-what-submitters-said-October-2024.pdf](#)

⁴² [Annual Report 2024/25 | Education Review Office](#)

What are some of the issues with the current approach?

204. The current approach to ECE quality has been shaped over time by successive governments and policies. These cumulative changes have created a number of key challenges in the interactions between different parts of the system, particularly in regard to funding and regulations. The following section provides further information about these challenges.

Differences between the regulatory and funding requirements can create complexity

205. The current settings around structural quality are complex as qualification requirements differ between funding and regulations. Funding levers are intended to incentivise a higher level of qualified teachers working directly with children, while regulatory requirements are a minimum requirement for operating. Table 6 below illustrates how different categories of teachers contribute to either certificated teacher funding bands or minimum regulatory requirements for teacher-led centre-based services.

Table 6: Differences between qualifications that count towards regulatory and funding requirements in teacher-led centre-based services

Component	50% qualified licensing requirements	Funding (certificated teachers)
A current practising certificate issued by the Teaching Council	Not required	Required
Recognised ECE teaching qualification (or overseas qualification assessed as comparable by NZQA)	Required	Meets requirement
Recognised primary teaching qualification (or overseas qualification assessed as comparable by NZQA)	Does not meet requirement	Meets requirement
Staff enrolled in a course of study that will result in a recognised ECE teaching qualification within 12 months	Can count 1 staff member towards requirement	Does not meet requirement

206. Funding requirements for qualified teachers are set at a higher level than regulatory requirements, creating a gap between the minimum standards services must meet to be licensed and the higher standards incentivised by funding. For example, for regulatory purposes, a teacher is only required to hold a recognised ECE teaching qualification. However, to count as qualified for funding purposes, a teacher must hold both a recognised ECE or primary teaching qualification and a practising certificate. This gap is intentional as funding levers are intended to incentivise a higher standard than regulations, however it can create confusion for service providers about the respective requirements.

207. Further, the methods used to measure compliance with regulatory and funding settings make the conditions attached to funding higher. For services on a full licence, the regulated measure is based on the proportion of teachers required to meet a service's maximum licensed adult-to-child ratio requirements. This measure does not account for differences in hours worked between qualified and

non-qualified teachers. For funding purposes, the proportion of certificated teachers is based on hours worked, which sets a higher threshold for compliance.

208. While it is intentional that the funding conditions impose a higher requirement than the regulatory requirements, the inconsistencies between regulations and funding can impact sector perceptions and create significant confusion. The requirements for certificated teacher funding bands are often incorrectly interpreted as connected to the regulatory settings. This can create a perception in the sector that regulations create burden when, in isolation, the 50% qualified teacher requirement is a relatively low threshold.
209. In response to consultation feedback, MfR recommended that the Ministry of Education allow greater flexibility in the qualification requirements to support access and quality across all areas and service types (i.e. Recommendation 10 of the Review). Increasing service flexibility often depends on addressing the highest cost drivers and many regulatory settings only target minimum cost drivers. The recommendation included several suggestions that are likely to have a greater impact if implemented through funding rather than regulations.:
- a. Allowing vocational ECE qualifications (lower than level 7 diploma) to count towards qualified teacher requirements
 - b. Allowing more than one person working towards ECE qualifications to count towards qualified teacher requirements
 - c. Allowing teachers to qualify by experience – e.g. they count towards qualified teacher requirements if they meet a threshold of years of experience.
 - d. Removing the link between the level of funding and the number of certificated teachers from the funding rules.
 - e. Allowing the regulator to relax requirements for certain groups or places, either for fixed periods or permanently to enable different service models that meet more specialised needs.
 - f. Using the same definition of qualified teacher in both regulatory and funding rules
 - g. Basing the maximum licensed capacity solely on the suitability of the building (and resource consent conditions), and the number of qualified teachers that a service is required to employ could be better linked to the number of children attending
 - h. Consider exemptions from qualification requirements for particular types of educators
 - i. Requesting the Teaching Council review how ECE teachers can maintain their practising certificates when working in a home-based ECE⁴³.
210. The suggestions outlined above will be considered as part of the Ministry's ongoing work to respond to Recommendation 10 of the MfR review.

Current investment is predominately focused on one indicator of structural quality

211. As discussed earlier, the funding system is structured so that service providers are incentivised and compensated for implementing higher levels of structural quality. If this was not the case, services would need to pass the additional costs associated with higher levels of structural quality on to parents and caregivers.
212. For teacher-led centre-based services, funding incentives for quality focus on one indicator of structural quality—certificated teachers. Research has demonstrated that qualified teachers are associated with improved process quality in ECE settings. Qualified teachers often demonstrate more

⁴³Ministry for Regulation, "Regulatory Review of Early Childhood Education", December 2024.

intentional teaching practices, richer use of language, and knowledge of activities that are developmentally appropriate.

213. Additionally, incentivising higher proportions of registered and certificated teachers in the workforce strengthens child safety and the professional development of teachers. As the Teaching Council does not have oversight of unregistered and uncertificated teachers, it is difficult to monitor disciplinary actions against members of the ECE workforce that do not need to meet these requirements. Therefore, incentivising higher levels of registered and certified teachers provides an added layer of child protection by enabling the Teaching Council to have oversight of a larger proportion of the workforce.
214. Other indicators of structural quality, such as adult-to-child ratios, are not incentivised through the funding system for teacher-led centre-based services. Therefore, decisions to exceed minimum standards are largely driven by the market. This approach can be effective in a well-functioning market, where competition tends to drive improvements in quality. However, it may be less effective in the presence of market failures.
215. Evidence shows that in ECE settings operating with better adult-to-child ratios, teachers are more responsive, emotionally available and less stressed. Further, the research shows that optimal ratios differ with age, with more adults required for babies and younger children. This reflects differences in children's development needs.

Services have raised concerns about requirements to meet quality requirements for all hours of operation

216. Services have previously raised concerns that they're required to meet structural quality requirements (particularly certificated teacher funding bands) for all hours of operation as they are only funded up to 30 hours a week per child or per licensed child-place.
217. However, loosening this requirement is likely to be difficult. Funded hours are not the same for every centre or child; for example, one family may use morning hours while another uses afternoon hours, some children are not funded for 30 hours because they share a place, and the mix of 20 Hours funding and other funding will determine how many hours are funded in total (assuming the same structure with 20 Hours remains). If services were only required to meet quality standards for funded hours under the current system, children could receive different levels of provision despite generating the same government funding.
218. To avoid this inconsistency in provision, services would either need to limit opening hours to funded hours (30 per week or similar) or require children to attend at set times as a condition of enrolment. Both options would reduce flexibility for parents to participate in the labour market as different roles often have different working hours. Alternatively, daily and weekly caps could be increased. Unless funding rates were reduced in proportion to the increases to hourly caps, this would come at a significant cost to government so would require significant trade-offs in the context of a fiscally neutral review.

There is a lack of information on outcomes to determine whether funding levers have been effective

219. Despite significant investment in certificated teachers and pay parity, the government has little data on what outcomes its policies achieve for child outcomes. In New Zealand, as in many OECD countries, early childhood outcomes are not widely measured, and later outcomes (e.g. NCEA Level 2) are too far removed to attribute to ECE funding settings. Further, measuring outcomes in early childhood is challenging due to normal variations in development amongst very young children.
220. The Ministry also lacks data on parent fees and incomes, which makes it difficult to understand how policy settings that incentivise higher structural quality impact affordability. While staffing (e.g. ratios and qualifications) are known to be major cost drivers for services, there is a lack of information on how quality funding levers have influenced parent fees over time.

221. In 2023, the government sought to collect information about parent fees alongside the extension of 20 Hours ECE to 2-year-olds, however, ECE providers did not support fee collections. The proposed changes were intended to be introduced alongside a 4.6% increase to the 20 Hours ECE funding rates, in addition to the regular cost adjustment. Yet, the sector expressed strong concerns, citing the additional burden these conditions would impose on providers. These changes were not continued following the decision to reprioritise the extension of 20 Hours ECE.
222. Other jurisdictions, such as Australia, do measure child outcomes early in primary schooling. The Australian Early Development Census (AEDC) measures the development of Australian children in their first year of school. Data is collected by teachers who respond to questions that measure development indicators in 5 key domains. In 2023, the Australian Education Research Organisation (AERO) and researchers from the University of Queensland (UQ) examined how quality ECE provision links to the learning and development outcomes of Australian children. Generally, ECE services' quality predicted children's vulnerability on each of the development domains.

Funding structural quality inputs does not guarantee process quality

223. As discussed earlier, evidence suggests that structural quality inputs are linked to improved process quality in ECE settings. However, investing solely in structural quality does not automatically guarantee strong process quality as there are many other factors present in ECE services.
224. While the Ministry's data shows that services generally operate at relatively high levels of structural quality, ERO reviews indicate that many services are not meeting or exceeding the standards for quality used in their evaluations. This difference likely reflects the different roles of the two agencies and the fact that structural indicators do not always translate into high day-to-day process quality.
225. Other less measurable factors may also influence process quality, such as governance and leadership, availability of educational resources, the physical environment (e.g., whether it supports intentional teaching or becomes noisy or uncomfortable), and the routines and attitudes of teachers, parents, and caregivers.

Funding rates do not reflect average relativities between operating at different level of structural quality

226. A core principle of the ECE funding system is that government funding only partially covers the cost of provision, with parent fees making up the remainder. Therefore, funding bands are not required to fully reflect the actual costs of operating at different levels of structural quality. Currently, most services fall within the higher funding bands, which may suggest funding is set at an adequate level. However, it may also indicate that services are passing on this cost to parents through increased fees or cutting costs elsewhere to pay for certificated teachers.
227. It is difficult to have a funding system that fully reflects actual staffing costs as teacher wages are largely determined by the labour market. There is also an added layer of complexity as pay rates are also influenced by the KTCA. Further, as funding decisions are made within the wider government Budget process, where there are many competing priorities, funding is unlikely to fully match or keep pace with the real costs faced by service providers.

Compliance burden

228. During M4R's consultation, submitters noted that funding requirements are complex and time-consuming to comply with. Service providers in particular reported that meeting these requirements created significant administrative burden.
229. While not all compliance relates directly to quality settings, the consultation highlighted that service's consider reporting requirements are too frequent and that inconsistencies between the funding and regulatory requirements adds complexity and burden to the system. Although not specifically mentioned in M4R's consultation summary, services providers have also previously expressed that the staff hour count can create administrative burden.

Examples of different ways to use funding to support quality ECE

230. This section provides examples of different ways that funding could be used alongside other policy levers to support quality ECE. The examples are provided for illustrative purposes only and should not be viewed as recommendations or concrete proposals. Further analysis would be required to understand the appropriateness, viability, and impact of the examples in order to determine whether they should be progressed any further.
231. As these examples are illustrative only, we cannot provide clear indications of cost. However, we can assume they will be fiscally significant, as quality (particularly structural indicators such as ratios, qualifications) is the largest cost driver for teacher-led centre-based services. Annex 2 provides some information about previous costing exercises undertaken by the Ministry to give a sense of the potential size of some of the costs involved in changing structural inputs to quality.
232. Many of the examples provided involve using other policy levers alongside funding levers, such as regulatory levers or evaluation. This is because funding is generally better suited to addressing matters related to affordability, supply (accessibility) and equity, rather than directly ensuring a set level of quality.

Targeted funding for structural inputs

Adult-to-child ratios

233. Funding could be redirected from incentivising very high levels of certificated teachers (e.g. 80-100%) to improving adult-to-child ratios for children aged under 2. There is not strong evidence to suggest that having very high levels of certificated teachers is likely to significantly improve educational outcomes for all children. However, the evidence does suggest that New Zealand's current regulated minimum adult-to-child ratios for under-twos may be out of step with what expert opinion considers to be the optimal range (i.e. around 1:3 or 1:4). Changing these ratios within the current system of funding rates would represent a significant increase in funding for under 2-year-olds. Further information about the cost of shifting ratios is provided in Annex 2.
234. This option could be introduced by using funding levers to provide incentives for service providers to increase adult-to-child ratios. Alternatively, it could be introduced by using funding levers and amending the minimum regulatory standards for adult-to-child ratios for under-twos. The latter approach would mean that all service providers would need to implement lower ratios, not just those that wanted to take advantage of funding incentives. This could impact affordability and accessibility for some parents and caregivers.

Qualified teachers for older children (and lower adult-to-child ratios)

235. Funding could be redirected from incentivising very high levels of certificated teachers (e.g. 80-100%) for all children, to supporting very high levels of qualified teachers for children aged 3 and 4 years only. The savings could be used to fund the cost of the certificated teachers for 3–4-year-olds, or to incentivise lower adult-to-child ratios for children aged under 2.
236. The rationale for this option is that older children may benefit more from a more structured approach to learning that can be offered by certificated teachers. As detailed earlier, evidence suggests younger children benefit from more individualised and attentive care which can be provided with lower ratios.
237. This option could be implemented through using funding levers alone, or through a combination of funding and regulatory levers (e.g. to lower minimum adult-to-child ratios for children under 2-years).

Group size

238. Funding could be redirected from incentivising very high levels of certificated teachers (e.g. 80-100%) to supporting service providers to keep group sizes within levels considered appropriate for enabling process quality (e.g. ensuring responsive care and minimising stress). For infants and toddlers, ideal group sizes are considered to be no more than 6 to 8 children, and for 3–4-year-olds, group sizes of around 16 are often cited as ideal.
239. This option would most likely need to be implemented through a combination of funding and regulatory levers. This is because it would be very difficult to ensure that service providers who received additional funding to support smaller group sizes were indeed consistently keeping group sizes within the required limits throughout the day. New Zealand does not currently regulate for group size, so this option would require new regulations.
240. When this option has been considered by the Ministry previously, key concerns included the potential for group size regulations to reduce flexibility and increase service provision costs. The change could limit supply if existing centre structures (i.e. facilities, property, and staffing) were incompatible with the new requirements. Additionally, there was insufficient evidence of benefits to outweigh these drawbacks.

Supervisory roles

241. Funding could be redirected from incentivising very high levels of certificated teachers (e.g. 80-100%) to supporting service providers to employ two supervisory roles. One role could be focused on overseeing children's health, safety and wellbeing, including engaging with parents. This role would need to be filled at all times children were attending the service to ensure their health and safety.
242. The other role could be focused on supervising other staff and teachers to implement the curriculum, including supporting their teaching practice and professional development. This role could be funded for a fixed number of hours (e.g. those that aligned with the school day).
243. A change like this may disproportionately impact small services. Therefore, consideration would need to be given to how these roles could practically be scaled to reflect differences in service size, as simply requiring services to have these two roles would not provide sufficient system flexibility.
244. Because these roles involve managing risks to children's health and safety and supporting the achievement of educational outcomes, this option would need to be implemented through a combination of regulatory and funding levers.

Linking funding more closely to regulatory compliance

245. Funding levers could be used to strengthen incentives for service providers to comply with the requirements set out in the regulations and licensing criteria regarding the provision of quality ECE. In particular, the Act provides for funding to be withheld in whole or in part if a licensed service provider fails to comply with the Regulations or any conditions of the licence.
246. This provision is not currently used, and it may be difficult to administer in practice. For example, it is not clear how much funding should be withheld for different types of breaches and for how long. It would also mean that a service provider found to be in breach of the regulations would face compliance action under the regulations as well as a reduction in the amount of funding they received. Some service providers found to be in breach of the regulations may need access to funding in order to address the non-compliance.
247. Rather than withholding funding, an alternative approach would be to establish an infringement regime within the regulatory framework that allowed fines and penalties to be charged for breaches of the regulations. As this option relates solely to the regulatory regime, it is outside the scope of the funding review.

Funding based on evaluations of service quality

248. Instead of licensed service providers being automatically entitled to receive funding under the Act, funding could be dependent on the outcome of regular independent evaluations of service quality. The evaluator would assess the level of service against specified criteria. Only service providers that met or exceeded a specified level of quality would be entitled to receive funding.
249. Under this option, service providers would be incentivised to provide high quality ECE in order to access funding. As well as focusing on structural quality, this approach would help to ensure there was a focus on process quality which has been more clearly linked to improved educational outcomes.
250. This approach would likely require significant changes to the way service level evaluations are currently undertaken. To ensure service providers remained incentivised to provide quality ECE, evaluations would need to be undertaken frequently and sometimes randomly. Clear evaluation criteria and methodology would need provided so that service providers knew what they needed to achieve and so that assessments were robust to scrutiny and review. It may also change incentives for quality improvement, reducing providers' motivation to improve beyond the level needed to access funding. In addition, provision would need to be made to ensure service providers were given sufficient levels of funding to remain financially viable in between evaluations.

Linking funding more directly with process quality

251. The current funding levers focus on incentivising higher levels of qualified teachers which is a key structural input to quality. The research indicates that structural inputs are important for enabling process quality, but process quality is more closely linked with improved outcomes for children. To improve outcomes for children, consideration could be given to targeting funding more directly towards lifting process quality.
252. As outlined above, process quality relates to the day-to-day experiences of children and families and is influenced by a wide range of factors, such as teacher-child interactions, emotional climate and responsiveness, implementation of the curriculum, and teacher and parent relationships. Therefore, it is unlikely that funding levers alone would be able to lift levels of process quality and additional policy levers, such as resources and support would be necessary.
253. However, a proportion of funding could be redirected towards supporting roles and activities within ECE settings that are likely to enhance process quality. For example, current funding for certificated teachers does not cover release time to enable teachers to undertake professional learning and development. Funding could be made available for this, although protections would need to be put in place to ensure that funded hours were used to undertake PLD that was of a sufficiently high quality to enhance process quality.
254. Another option would be to redirect funding towards two separate supervisory roles, as outlined in paragraphs 241 - 244 above. Providing funding for a role that was specifically focused on supervising other staff and teachers to implement the curriculum, including supporting their teaching practice and professional development, could help lift process quality.

Linking funding more closely to equity considerations

255. The evidence shows that the benefits of participating in high quality ECE are the greatest for children experiencing social and economic disadvantage. For these children, participating in high quality ECE can make a significant difference to their life trajectories and help to break intergenerational cycles of disadvantage and inequity. This in turn benefits all New Zealanders, as it reduces future burden on the education, social welfare, health and justice systems.
256. While the cost of ECE is shared between the government and parents and caregivers, some parents and caregivers have more disposable income and a higher ability to pay than others. Currently all services face the same funding incentives to lift structural inputs to quality, regardless of level of social and economic disadvantage experienced by the families in their communities.

257. To maximise the benefits of quality ECE for all New Zealanders, both now and in the future, funding allocated to incentivising higher levels of structural quality inputs could be redistributed so that services in communities with higher levels of disadvantage could access a greater share of the funding. Services in other areas would still face incentives to increase structural quality, however parents and caregivers would need to pay a higher share of the total cost. In a fiscally neutral review, this could mean reducing support for labour market participation by middle-income parents, in order to focus on access to quality ECE in lower-income communities.

Bulk funding a higher minimum standard of quality

258. The Regulations and licensing criteria could be amended to increase key elements of structural and process quality. Current funding could be reconfigured to provide a higher rates per FCH to partially offset the costs for service providers.
259. Examples of ways in which the minimum regulatory standards could be increased are provided below. They have been informed by the findings of the review of the literature outlined above and are not intended to be exhaustive or definitive. Regulatory amendments could include:
- a. 50% of required staff must hold a recognised teaching qualification and practising certificate and be present at all times children attend. Further, the definition of teaching qualifications used in the regulations could be aligned with the definitions used for certificated teacher funding bands to reduce complexity and burden on services.
 - b. all staff that work with children, including those not required to be qualified, must be registered, either with the Teaching Council or an alternative registration authority
 - c. adult-to-child ratios for children aged 2-years old and under could be lowered to 1:3 or 1:4
 - d. requirements for maximum group sizes for children aged 2-years old and under could be introduced and set at 6 -8
 - e. the role of person(s) responsible could be split into two roles - one focused on overseeing children's health, safety and wellbeing, including engaging with parents, and another focused on overseeing the implementation of the curriculum and supporting teaching practice and professional development.

Purchasing a specified level of service quality

260. If the government wanted to ensure that all service providers delivered a specified level of quality ECE, then the current approach of using funding levers to incentivise increases in structural quality could be changed to a model whereby levels of structural and process quality were directly purchased by the government.
261. Under this model, the government would specify key attributes of structural and process quality that it wanted children to experience and contract directly with service providers to provide it. Contract managers would regularly assess whether service providers were providing ECE services to the required standard in order to receive funding.
262. While this model would likely result in the provision of a uniform standard of quality ECE, it is likely to be highly costly to administer across over 4,500 ECE services. This would consume resources that could otherwise be used to more directly improve outcomes for children. Also, a key trade-off with this approach is that parents and caregivers would have access to less choice in the attributes of quality offered by services, which may lower levels of participation.

Examples for licensed home-based services

263. Examples of alternative ways of using funding levers to support quality ECE in licensed home-based services are not as clear. There is less scope to incentivise further lifts in key structural inputs to quality (e.g. adult-to-child ratios and teaching qualification requirements) than there is for centre-based services. These settings are already likely to be set at appropriate levels (i.e. ratios are set at 1:4 and

all educators must have a home-based qualification). In addition, group size is effectively limited by the maximum number of children that an educator can care for (i.e. 4, with a maximum of 2 under 2 years).

264. Prior to January 2025, there were two funding rates for home-based services - the 'standard' rate and the 'quality' rate. However, the standard rate was removed in January 2025 when the regulatory requirement that all educators must have a home-based service qualification or be working towards one came into effect. All licensed home-based services now receive what was effectively the 'quality rate'.
265. There may be scope to use funding levers to incentivise further lifts in quality in relation to the person(s) responsible role. As for centre-based services, licensed home-based services are required to have 1 person(s) responsible for every 50 children attending the service. However, as the person(s) responsible is not usually present in the home where the educator is educating the children, the regulations set out specific duties for the person(s) responsible that include contacting each educator at least fortnightly, visiting them at least one a month, and taking all reasonable steps to observe each child participating in the service. Funding incentives could be used to increase the proportion of person(s) responsible to children in home-based settings (e.g. 1:40 or 1:30), and/or increasing the frequency of contact time with the educators and/or children.

Proactively Released

266. As part of the Government's response to the recommendations from MfR review, work is being undertaken with the home-based sector to develop a strategic plan for home-based services (i.e. Recommendation 12 from the MfR review). Work is also being undertaken to review the person(s) responsible requirements, including for home-based services (i.e. Recommendation 11 from the MfR review). This work provides an opportunity to work with home-based providers to better understand some of the challenges they are facing, and the most suitable policy levers for addressing those challenges.

Proactively Released

Annex 1: Description of current ECE regulatory settings in New Zealand

Standards and criteria set minimum requirements for quality

1. The Regulations set standards that licensed service providers must comply with in order to be and remain licensed. The Standards are considered to be minimum standards, and service providers are able to provide levels of quality in excess of the regulated standards if they wish.
2. The Standards licensed service providers must comply with in order to be and remain licensed address a mix of structural and process features of quality across five areas:
 - a. Curriculum standard
 - b. Qualifications, ratios and service-size standard
 - c. Premises and facilities standard
 - d. Health and safety practices standard
 - e. Governance, management, and administration standard.
3. The Standards set in the Regulations are general standards. The Minister may prescribe criteria to be used by the Secretary to assess compliance with the general standards imposed by the Regulations⁴⁴. Licensing criteria provide further detail on the standard and help to ensure that there is certainty and clarity for service providers and parents and caregivers about what is required to comply with the regulated Standards. This is important because some of the Standards are prescriptive (for example, 1 person responsible for every 50 children attending) while others are more outcomes based (for example, taking all reasonable steps to promote good health and safety).
4. The prescription of licensing criteria also allows compliance with the Standards to be assessed in ways that are relevant to the ECE provided by the different types of licensed services. As such, there are specific licensing criteria for licensed centre-based, home-based, and hospital-based services, and kōhanga reo.

The regulations lay the foundations for process quality

5. The regulatory standards and criteria play an important role in laying the foundations necessary to support service providers to achieve process quality. Some key examples include:
 - a. The Curriculum Standard requires service providers to, amongst other things:
 - i. plan, implement and evaluate a curriculum that is designed to enhance children's learning and development through the provision of learning experiences and that is consistent with any prescribed curriculum framework, and that:
 - responds to the learning interests, strengths and capabilities of enrolled children
 - provides a positive learning environment for those children
 - reflects an understanding of learning and development that is consistent with current research, theory, and practices in early childhood education

⁴⁴ Education (Early Childhood Services) Regulations 2008, Regulation 41(1)

- encourages children to be confident in their own culture and develop an understanding, and respect for, other cultures
 - acknowledges and reflects the unique place of Māori as tangata whenua
 - respects and acknowledges the aspirations of parents, family, and whānau
- II. obtain information and guidance from agencies with expertise in early childhood learning and development to support the learning and development of enrolled children.
- b. The Governance, Management, and Administration Standard requires service providers to, amongst other things:
- I. ensure that the service is effectively governed and managed in accordance with good management practices
 - II. regularly collaborate with parents and family or whānau, and adults responsible for providing education and care
 - III. take all reasonable steps to provide staff with adequate professional support, professional development opportunities, and resources.

The early childhood curriculum framework plays an important role in supporting process quality

6. Section 23 of the Act provides for the Minister of Education to prescribe or change a curriculum framework through the Gazette. The Act and the Curriculum Standard in the Regulations require licensed service providers to implement any prescribed curriculum framework.
7. Te Whāriki is New Zealand's official early childhood curriculum framework. It provides two pathways: Te Whāriki: He whāriki mātauranga mō ngā mokopuna o Aotearoa Early childhood curriculum and Te Whāriki a Te Kōhanga Reo. Te Whāriki plays an important role in supporting process quality in ECE, including through setting a clear vision for quality ECE which is that:
- “children are competent and confident learners and communicators, healthy in mind, body and spirit, secure in their sense of belonging and in the knowledge that they make a valued contribution to society”.*
8. To achieve that vision of quality, Te Whāriki provides principles for curriculum development, strands that describe valued learning, goals relating to the provision of a supportive learning environment and learning outcomes.

Key structural features of quality are required by the Standards

9. As well as laying the foundations for process quality, the regulated standards set requirements for key structural inputs of quality. The regulated requirements for teaching qualifications, adult-to-child ratios, and person(s) responsible are outlined below. New Zealand does not set requirements for group size but does set limits on the number of children that may attend a service (service size maximums) and minimum requirements for indoor and outdoor activity space per child.

Teaching qualifications

10. Qualification requirements for teacher-led ECE centres, licensed hospital-based services, and licensed home-based services are set in Schedules to the Regulations. The Regulations allow for the Secretary to set qualification requirements for parent-led and whānau-led services by notice in the Gazette.

Teacher-led centres and licensed hospital-based services

11. For teacher-led centres and licensed hospital-based services, the regulations require that 50% of 'required staff' must hold an early childhood teaching qualification recognised by the Teaching Council

of Aotearoa New Zealand for registration purposes. These are qualifications at Level 7 on the New Zealand Qualifications Framework (the Qualifications Framework), which are at degree level or above.

12. For teacher-led services on a full licence, 'required staff' means the total number of adults required to satisfy the minimum adult-to-child ratios requirements that apply in respect of the licence maximum. For services on a probationary licence (i.e. new services yet to be awarded a full licence), 'required staff' means the total number of adults required to satisfy the minimum adult-to-child ratios that apply in respect of the number of children enrolled.
13. The Regulations provide elements of flexibility in relation to complying with the qualification requirements. For example, qualified teachers must be registered but they do not need to be certificated⁴⁵. Also, the requirements relate to the number of qualified teachers that are employed or engaged by the licence holder, not the number of qualified staff that must actually be present in the service at all times children attend. Further, the regulations allow one member of the required staff, who is enrolled in a course of study that will result in a recognised qualification within 12 months, to count as holding a recognised qualification for calculating 50%.

Licensed home-based services

14. Qualification requirements for licensed home-based services are set out in Schedule 1A of the Regulations. From 1 January 2025, all educators are required to hold a home-based service qualification or be enrolled in a course offering a home-based qualification within 6 months of joining a licensed home-based service. For those enrolled in a course, they must complete the qualification within 4 years of enrolment if the qualification is an ECE qualification at Level 7 or above, or within 2 years of enrolment for any other qualification.
15. A 'home-based service qualification' is defined in the Regulations. Educators are permitted to hold a range of ECE qualifications at Level 4 or above on the Qualifications Framework, or at Level 3 if completed prior to 1 June 2022. They may also hold a qualification developed by Te Kōhanga Reo National Trust Board at Level 5 or above, or a primary teaching qualification listed on the Qualifications Framework. Qualifications obtained overseas are also permitted if recognised by the New Zealand Qualifications Authority (NZQA) as comparable to the permitted New Zealand ECE qualifications.

Adult-to-child ratios

16. Minimum adult-to-child ratios for all early childhood education and care centres (both teacher-led and parent and whānau led), licensed hospital-based services and licensed home-based services are set out in Schedule 2 of the Regulations. For all services, a person must be 17 years or older and involved in duties other than food preparation and serving, administrative duties, and maintenance to count as an adult.

Education and care centres and licensed hospital-based services

17. For education and care centres and licensed hospital-based services, a person present aged under 6 years counts as a child. The adult-to-child ratio requirements are set out in table 1 below.

Table 1: Adult-to-child ratio requirements for education and care centres and licensed hospital-based services

Age of children attending	Minimum adult-to-child ratio
Under 2 years old	1:5 (i.e. one adult for every five children attending)

⁴⁵ Practising certificates are issued by the Teaching Council. They show that a registered teacher has satisfactory recent teaching experience, have undertaken professional development, and are fit to be a teacher. Practising certificates expire and must be renewed every three years.

2 years and older	1:6 then 2:7-20 then 3:21-30 and so on (i.e. one adult for the first six children, two adults for seven to 20 children, and thereafter a ratio of 1:10 or part thereof)
--------------------------	--

Licensed home-based services

18. For licensed home-based services, a person present aged under 6 years counts as a child unless the person is enrolled at a school and is the child of an educator providing education and care at home. The adult-to-child ratio requirements are set out in table 2 below.

Table 2: Adult-to-child ratio requirements for licensed home-based services

Age of children attending	Number of children attending	Minimum number of adults required
Under 2 years old	1 - 2	1
2 years and older	1 - 4	1
Mixed	1 - 4	1

Person(s) responsible

19. The Regulations set requirements for a supervisory role known as the person(s) responsible in education and care centres, licensed home-based services, and licensed hospital-based services. All service types are required to have 1 person(s) responsible for every 50 children attending the service.
20. Person(s) responsible play an important role in ensuring the quality of ECE. Their general role is to supervise the children attending the service as well as the adults' providing education and care who supervise the children. The specific responsibilities and qualification requirements for the person(s) responsible role varies across the different service types.

Education and care centres

21. For teacher-led centres, the person(s) responsible must hold a primary or early childhood teaching qualification recognised by the Teaching Council for registration purposes, and a current practising certificate. They must also hold a first aid qualification. For parent-led and whānau-led services, the person responsible must hold a qualification recognised by the Secretary in a Gazette notice.
22. The specific duties of the person(s) responsible in education and care centres include being persons who are directly involved in, and primarily responsible for, the day-to-day education and care, comfort and health and safety of children. In teacher-led centres, their role also includes ensuring staff are implementing any prescribed curriculum framework and know how to use it and ensuring that the day-to-day health and safety risk and hazards are identified and addressed.

Licensed hospital-based services

23. The person(s) responsible in a licensed hospital-based service must hold an early childhood teaching qualification recognised by the Teaching Council for registration purposes and a current practising certificate.
24. The specific duties of the person(s) responsible role in licensed hospital-based services include the education of children, supervising them in the activity room, and supporting their health, safety and

care. Other duties include ensuring staff are implementing any prescribed curriculum framework and know how to use the framework and ensuring that there is at least 1 adult present when children are in the activity room.

Licensed home-based services

25. The person(s) responsible in licensed home-based services must hold a home-based service qualification and a practising certificate. In these services, the person(s) responsible is sometimes known as the co-ordinator. Their role differs to those in education and care centres and licensed hospital-based services as they are not usually present in the home where the educator is providing education and care to children.
26. In licensed home-based services, the duties of the person(s) responsible include overseeing the education and care, comfort, and health and safety of the children, and providing professional leadership and support to educators within the service. They must also contact each educator at least fortnightly, visit them at least one a month, and take all reasonable steps to observe each child participating in the service. Additional duties include observing, supporting and providing guidance on the implementation of the prescribed curriculum framework and providing professional development to educators.

Compliance and enforcement

27. The Regulations provide mechanisms to enable the Secretary to enforce compliance with the requirements of the Act, Regulations and the licensing criteria. These include written directions, changing the status of the licence to provisional, and licence suspension. The Regulations also set out the conditions under which a licence may be cancelled.
28. The Ministry currently responds to notifications, complaints and incidents to enforce compliance with the regulations. The new Director of Regulation will carry out proactive, regular, risk-based monitoring of compliance by service providers with the regulatory requirements. In addition, the Director of Regulation will be provided additional tools to enforce compliance, including requiring the licence holder to engage specialist help or implement an improvement plan.

Occupational regulation helps ensure the quality of teachers and safety of children

29. Regulation of the teaching profession also plays an important role in supporting quality ECE. It aims to ensure that teachers have the necessary skills and qualifications to improve educational outcomes. It also helps keep children safe by setting standards and safeguards regarding professional conduct and behaviours and provides a mechanism for monitoring conduct over time as teachers move around the sector. However, because occupational regulation creates a barrier to entry to the teaching profession, it also has the effect of limiting the supply of qualified teachers and may lead to rent-seeking behaviours.
30. The occupational regulation framework for the teaching profession is set out in the Education and Training Act 2020 and the Teaching Council Rules 2016 (the Rules). In order to hold a teaching position in New Zealand (except some ECE positions), a person must be registered with the Teaching Council of Aotearoa New Zealand (the Teaching Council) and hold a current practising certificate.
31. To be registered, a person must hold a recognised teaching qualification, commit to the values and expectations in the Code of Professional Responsibility, and hold a satisfactory police vet. Registration does not expire, although it may be cancelled following disciplinary proceedings.
32. To be issued a practising certificate, a registered teacher must show they have satisfactory recent teaching experience, have undertaken professional development, and are fit to be a teacher. There are three main practising certificates depending on the level of teaching experience. Practising certificates expire and must be renewed every three years.
33. The Act and the Rules impose a number of requirements on registered and certificated teachers and their employers that aim to keep children safe and ensure the quality of ECE. For example, the Act requires an employer of a teacher to report to the Teaching Council in certain situations, including

when a teacher is dismissed, resigns within 12 months of being advised their employer is dissatisfied with their conduct or competency, or has reasons to believe the teacher has engaged in serious misconduct.

34. The Act also enables to the Council to annotate information about suspensions, disciplinary action and action by the Competence Authority to a teacher's registration. This means that future employers can have access to this information as part of safety checking future employees. In addition, the Rules require employers to immediately report to the Teaching Council if they have reason to believe the teacher has committed a serious breach of the code of Professional Responsibility.

Other regulatory systems also support quality ECE

35. In addition to ECE specific regulation, a range of other regulatory systems also support the provision of quality ECE, including by mitigating potential risks to the health, safety and wellbeing of children while they attend ECE services. These include regulatory systems for child protection, public health, building, food, fire and emergency, workplace, privacy, and resource management.

Proactively Released

Annex 2: Examples of previous costings for changing structural quality

1. Structural quality inputs such as adult-to-child ratios and proportion of certificated teachers are significant cost drivers within the ECE system. To indicate the costs associated with funding structural quality, the following section presents estimates from recent analysis done by the Ministry. To support relevance, we have focused on work from the past 16 months.
2. Additional cost analysis would be necessary to fully understand the potential financial impact of these changes within the context of the funding review. Each costing is based on a set of underlying assumptions that would need to be tested with the MAG, this could significantly impact the costings. Therefore, these figures should be viewed as an indicative estimate rather than the full actual costs.

Costings on improving ratios

3. In October 2024, the Ministry did some work for the petitions select committee on the cost of changing adult-to-child ratios to 1:4 for under three-year-olds. The table below outlines how this compares to the current regulatory settings:

Table 7: Regulated adult-to-child ratio settings in New Zealand in centre-based early childhood services, compared to the petition ratios

	Under 2-year-olds	2-year-olds	Over 2-year-olds
Regulated ratios	1 adult:5 children	1-6 children: 1 adult 7-20 children: 2 adults >20 children: 1:10	
Petition ratios	1 adult:4 children		n/a

4. The Ministry estimated it would cost approximately \$313 million over four years to support services to implement the 1:4 ratio proposed by petitioners. This estimate reflects only the cost to the Crown and is based on a limited set of assumptions, resulting in a conservative figure. The total cost would be higher if it accounted for unfunded hours covered by parents and applied a broader set of assumptions.
5. Key assumptions made for this costing are as follows:
 - a. It covers the 2025/26 to 2028/29 financial years.
 - b. It only covers teachers required for child hours subsidised by the government (a maximum of 30 hours per week /six hours per day).
 - c. Services currently operate above regulated ratios. This costing only funds the difference between average current operating ratios and the 1:4 ratio proposed by petitioners.
 - d. The ratio change would only impact children under three years old attending education & care, kindergarten, or kōhanga reo services. Home-based ratios would not change while playcentre ratios are largely filled by volunteers (parents).
 - e. Additional staff needed would be filled by 80% certificated teachers and 20% unqualified teachers.

- f. The certificated teacher salary was based on step 4 of the Kindergarten Teachers' Collective Agreement (KTCA) (\$66,586). For unqualified staff, the salary was based on the minimum wage (\$48,152).

6. The table below provides more detailed information on the costings:

Table 8: Additional funding needed to shift ratios from existing operating ratios to 1:4 (funding for funded child hours only)

\$ millions	2025/26	2026/27	2027/28	2028/29 & outyears	
Education & Care	\$66.335	\$66.908	\$67.999	\$69.107	
Kindergarten	\$6.288	\$6.313	\$6.423	\$6.534	
Kōhanga Reo	\$4.222	\$4.269	\$4.341	\$4.415	
Total	\$76.845	\$77.490	\$78.763	\$80.057	\$313.154

7. As noted above, this costing represents a relatively conservative estimate of the change due to the underlying assumptions. The Early Childhood Council (ECC) estimated the cost of this change using a different set of assumptions and forecasted that it would cost approximately \$1.47 billion over four years.

Costings on changing certificated teacher funding bands

8. In early 2025, the Ministry explored options for adjusting certificated teacher funding bands. This work was not advanced due to its fiscal implications and the risk of pre-empting the funding review. However, some options were costed⁴⁶ and further details are provided below:
- a. **Adjusting certificated teacher funding band thresholds down by 2%.** This option involved moving the thresholds of funding bands down by 2% to enable more services to access higher funding rates. This was estimated to cost approximately \$13 million over a 4-year period. There is also additional fiscal risk associated with services changing their behaviour because of the adjustment. In a low behaviour change scenario (services 1% below the new funding band threshold move up), there would be an additional cost of approximately \$10 million over a 4-year period. In a higher behaviour change scenario (services 3% below the new funding band threshold move up), there would be an additional cost of approximately \$35 million over a 4-year period.
 - b. **Adjusting the 100% certificated teacher funding band to 95-100% and the 80-99% band to 80-94%.** Similar to the option above, this option was intended to make it easier for services to access higher funding rates. This was estimated to cost approximately \$44 million over a 4-year period. There is also additional fiscal risk associated with services changing their behaviour because on the adjustment. In a low behaviour change scenario (services 1% below the new funding band threshold move up), there would be an additional cost of approximately \$15 million over a 4-year period. In a higher behaviour change scenario (services 3% below the new funding band threshold move up), there would be an additional cost of approximately \$44 million over a 4-year period.

⁴⁶ These costings assumed the changes would be implemented at the beginning of the calendar year rather than the fiscal year. Therefore, the first-year costs are halved.

- c. **Increasing discretionary hours from 80 to 160.** A discretionary hour is an hour that a service can claim a teacher as a certificated for the purposes of the Staff Hour Count. Increasing discretionary hours would provide services with greater flexibility, while still allowing them to stay in their funding band. The cost of this change was estimated to be \$54 million over a 4-year period.
 - d. **Removing the 100% funding band.** This option involved services currently in the 100% certificated teacher funding band transitioning to the funding rate for the 80-99% band. This was estimated to save the government approximately \$173 million over a 4-year period.
9. In summary, even relatively small adjustments to structural quality levers can have substantial fiscal implications, as teacher-related policy settings are among the most significant cost drivers within the system. This potential impact should be carefully considered when assessing and developing any future policy options. Particularly, when considering trade-offs against other objectives such as affordability and equity.

Proactively Released



**Te Tāhuhu o
te Mātauranga**
Ministry of Education

We **shape** an **education** system that delivers
equitable and **excellent outcomes**

He mea **tārai** e mātou te **mātauranga**
kia **rangatira** ai, kia **mana taurite** ai ōna **huanga**

education.govt.nz

Te Kāwanatanga o Aotearoa
New Zealand Government