Early Childhood Education Funding Review Ministerial Advisory Group: Report on Discovery Phase engagement September 2025 – January 2026

27 MARCH 2026

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About the Ministerial Advisory Group and the terms of reference

The Associate Minister of Education Hon David Seymour (the Minister) established the independent Ministerial Advisory Group (the MAG) in June 2025 to review the early childhood education (ECE) funding system. The Terms of Reference is available here.

Members were appointed by the Minister, some bringing sector experience alongside skills including governance, economics and strategic thinking. More information about members is available here.

Ministerial Advisory Group. Back row: Dr. Kane Meissel, Linda Meade (Chair), and Simon Laube. Front row: Kylie Eagle, Melissa Glew, Kelly Seaburg, and Sarah Hogan.

Funding in scope for the review is drawn from Vote Education, Social Development and Revenue. The services in scope are education and care services and includes kindergartens, home-based services, hospital-based services, and casual education and care services.

Funding out of scope is government funding, either not provided to ECE services directly or contributing to ECE aged children through other channels. Examples include curriculum support and learning support.

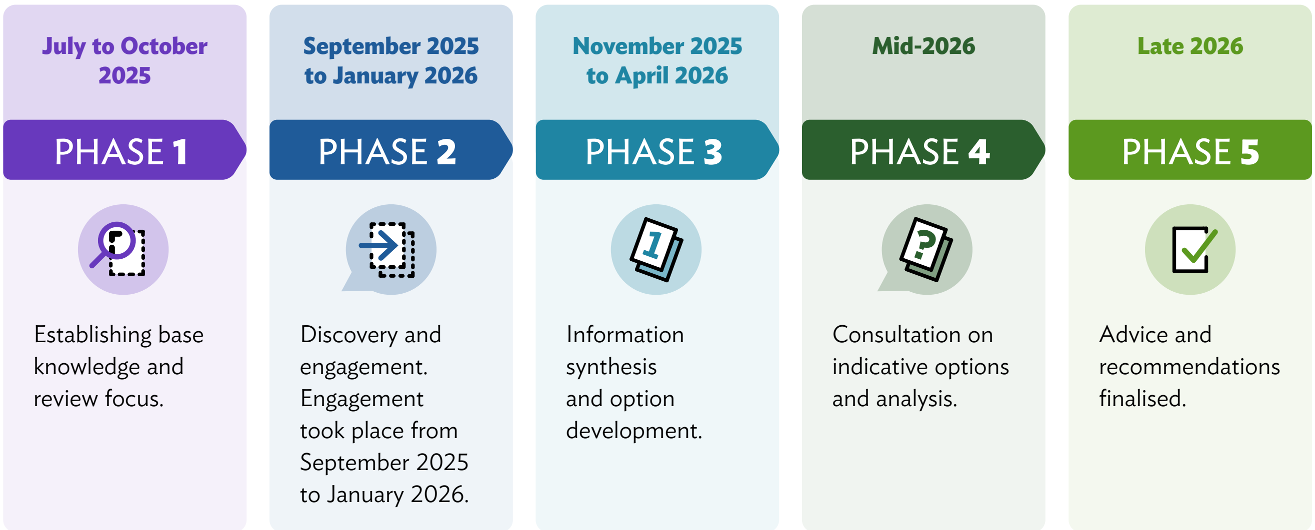
Funding available only to playcentres and kōhanga reo is also out of scope, being less closely linked to labour market participation or because of their focus on Māori language revitalisation. Both have recently received funding for support and re-consideration of their funding structures. If there are any potential benefits to kōhanga reo and playcentres arising from the MAG's work, then they can be consulted.

Process

The MAG determined that it would manage its work in five phases:

- Establishing knowledge base and review focus
- Discovery phase including stakeholder engagement
- Information synthesis and option development
- Consultation on indicative options
- Final advice and recommendations to the Minister.

MAG work programme



This report provides a summary of what the MAG heard from stakeholders during the Discovery Phase.

As the Review moves into the option Development Phase, MAG members are considering what they have heard and learned, to inform advice and recommendations to re-shape the ECE funding system.

Consultation on indicative options will take place before the MAG develops final advice and recommendations.

The MAG will then submit a final report to the Minister. Decisions on the MAG's advice rest with the Minister.

Acknowledgement

The Ministerial Advisory Group members acknowledge and thank all those who shared their time, whakaaro, and experiences during the Discovery Phase. We are grateful to all who contributed.

We recognise the generosity and commitment involved in this kōrero, and the responsibility that comes with hearing these voices.

This report provides a high-level summary. As such, it cannot fully convey the depth of emotion and passion expressed, nor detail the contribution of every participant. Nonetheless, all the perspectives, views and opinions, from all sources, are being carefully considered. As a high-level summary, all names and identifying details have been removed.

“*The MAG shares a commitment to addressing the Minister's concerns: our aim is for an ECE funding system supporting every child to equitable educational outcomes and delivering lasting impacts beyond the child, supporting whānau and communities to thrive.*

Those we heard from during the Discovery Phase shared their insights and experiences to help us determine what would be needed to achieve this. We heard that the funding system could, and should, do more.

We share this summary of what we heard in acknowledgement of that need, driven by the impacts we believe can be achieved for children, families and communities.

We also acknowledge the commitment of services and providers delivering ECE, and the incredible kaimahi who truly are making a difference every day for tamariki and whānau.

Thank you all for your trust in sharing with us: we look forward to continuing our work together towards a better ECE funding system.”

Purpose and scope of this report

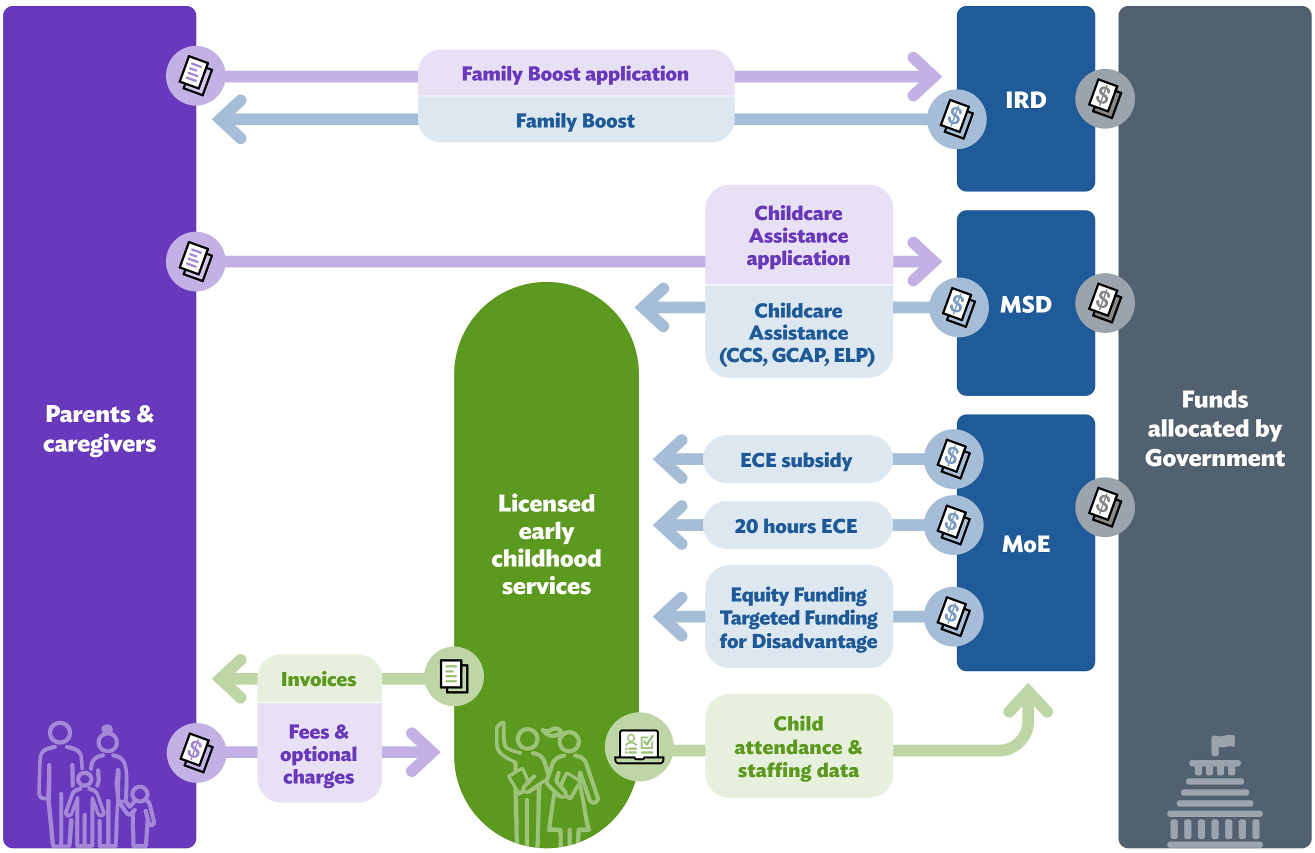
This report provides a high-level summary of feedback and suggestions received during the Discovery Phase from September 2025 to January 2026.

Many respondents provided their ideas for changes to the funding system. These are included to ensure the broad range of feedback is reflected.

Content summarised here reflects the views of those who shared it. The MAG and its Ministry secretariat have not verified or fact-checked the statements.

This summary does not represent work underway by the MAG nor any priority or assessment of inputs.

The funding system today



Structure

For in-person and online engagements held by the MAG, five broad enquiry areas were used as themes drawn from the Terms of Reference. The PowerPoint used is found at Annex two.

These themes, with associated sub-themes, help organise this summary as follows:

- Enhancing access and participation
- Promoting equitable outcomes
- Creating simplicity
- Balancing quality, affordability, and sustainability
- Improving transparency and accountability.

These are not exhaustive, rather a way to make sense of complex issues.

This report explores meaning in each enquiry area, how it relates to the Terms of Reference, and where feedback addresses strengths, weaknesses, and opportunities for improvement in the funding system.

Enquiry areas

Enhancing participation	Promoting equitable outcomes	Creating simplicity	Balancing quality, affordability and sustainability	Improving transparency and accountability
How we could structure funding to boost child participation and improve educational outcomes in early childhood education, as well as supporting parents/caregivers to participate in the labour market.	What combination of funding mechanisms could best address education and access barriers for children who would benefit.	Considering how funding mechanisms could be simpler for parents and providers.	Understanding how funding contributes to quality standards such as adult-to-child ratios, and trade-offs that are made to keep services affordable for families yet maintaining provider sustainability.	Exploring data collection options (including around fees) to better inform the Government's understanding of value for money and ensure effective use of public funds.

Executive summary

This report summarises what the MAG heard during its Discovery Phase from September 2025 to January 2026.

Targeted and open engagements were undertaken, to hear from as many people as possible in the best way for them.

The MAG attended 56 meetings with more than 700 people. The majority of participants at these meetings were teachers, managers, and owners of ECE services. A list of meetings held is available at Annex 1.

The group received 151 written submissions and a further 1,100 perspectives from structured data collection from providers, employers and parents, and parent surveys. Reporting from the structured data collection will be published when finalised, alongside a summary of parent online survey responses.

The MAG is sharing this summary for transparency and so people who participated can see what others contributed.

The views presented in this report reflect the perspectives of those who participated and have not been verified by the MAG or its Ministry secretariat. The MAG does not offer, through this report, any comment or commentary on the views expressed.

Overall, participants strongly affirmed the vital role of ECE in children's early development, family wellbeing, and workforce participation.

However, they described declining affordability of fees, rising costs to deliver quality services and a funding system that is no longer fit for purpose because it is complex, administratively burdensome, inflexible, and increasingly unable to meet diverse needs. We heard that the impacts fall disproportionately on disadvantaged communities, rural areas, and families with children who have complex needs.

Enhancing access and participation

Participants commented on the importance of ECE for children's learning, the development of foundational skills such as communication and social skills, and supporting transition to school. Sustained investment in ECE was considered important as the first 2,000 days of a child's life are critical for their development. Parents also noted the positive impact of ECE on their children.

Feedback highlighted the tension between the role of ECE supporting labour market participation and children's developmental needs. There was a view that many children did not access ECE, or participated in fewer hours of ECE, relative to the preference of families.

Funding settings were seen as outdated, and many participants felt the six-hour daily limit on the primary ECE subsidies, including 20 Hours ECE funding, did not reflect the needs of working families. People said this can significantly influence how ECE services are structured, and in turn whether and how parents return to work, adding stress to families who need ECE to work.

Participants noted affordability as a major concern for ECE access and participation, with cost influencing parental decisions on the type and quantity of ECE used. Low fee services were seen as needed, though this could be challenging for providers with costs rising. Affordability challenges were particularly identified for families who do not access the Childcare Subsidy.

Many people noted other barriers to participation, including transport costs, unpredictable household income, seasonal health issues, irregular employment, and issues affecting migrant and multigenerational households.

They also noted health and sickness - especially in winter - disproportionately affect disadvantaged communities, while access and cost of healthcare compound the problem.

Access barriers for rural communities were identified, including long travel distances, higher operational costs for services, and a lack of local ECE options. People see workforce shortages in rural areas as a major constraint on supply of services and hence to access.

Equitable outcomes

Funding designed to target equity concerns is considered critical but insufficient, poorly targeted and ineffective for some families and communities, including rural and isolated services.

Participants told us the current funding system doesn't always meet the needs of children facing higher barriers to accessing and participating in ECE. While targeted and equity funding is valued, people felt it often does not reach the children most in need or is too limited to make a meaningful difference.

We heard from many people who recommended additional support for ECE providers, and many who recommended additional support direct to families. The additional fee-subsidy funding available to some families through Family Boost and the Childcare Subsidy were frequently described as ineffective in terms of their intended purpose, with burdensome administration for both families and providers.

Equity funding paid to eligible services was described as outdated. Provider participants expressed that they are seeing growing numbers of children with complex and multiple needs, including those with neurodiversity, trauma, and social or health-related challenges. Some people recommended the proportion of funding used to support more equitable outcomes be increased and better targeted to need.

Services indicated they find the cost of meeting children's additional needs often exceeds the available funding. There were particular issues for services aiming to meet the needs of children with additional learning needs or disabled children, as well as for services meeting the language and cultural needs of children in a setting not designed for that language or culture.

Concerns were raised about pressure on staff who may deliver individual support to children without additional resources or training. Participants asked for greater flexibility in funding responding to the individual needs of some children.

Some participants told us that funding should not depend on ECE service type, and that kindergarten funding rates should be equalised against other rates.

Creating simplicity

The funding system is seen as complex by families and providers, and many stakeholders strongly supported simplifying rules, modernising systems and improving clarity for parents and providers.

People said differing rules, rates and funding streams, are difficult to understand and manage.

There were suggestions to reinstate more flexible absence rules, to simplify funding streams, and to improve digital tools.

We heard that administrative processes including forms, attendance rules, and interactions with other government agencies add significant workload. Participants said that families can also struggle with paperwork due to literacy barriers or lack of internet access, and services often help families to complete forms.

Small providers noted that compliance requirements are especially burdensome, and some people suggested additional support for small and community-based services.

Quality, affordability, and sustainability

Participants said quality ECE needs adequate and stable funding.

Concerns included funding rates not keeping pace with rising costs, contributing to staffing shortages, reduced investment in professional learning, and deferred property maintenance. It was noted that some providers rely on fundraising.

Providers also identified property costs as a broader concern, notably some lease models.

Participants indicated support for pay parity in principle, but said some services cannot absorb cost pressures arising from the scheme as implemented, and it had unintended consequences including disincentivising employment of experienced qualified teachers and pushing down pay rates for the unqualified workforce.

Participants spoke of stress, burnout, and growing workload pressures as contributing to workforce attrition. People reported that attracting and retaining qualified teachers can be difficult in some locations.

Participants described funding challenges for Māori, Pacific, and other language immersion services, and considered that language and cultural-based services play a critical role in revitalisation and identity. Higher staffing and operating costs, limited access to appropriately qualified teachers, and limited recognition of cultural knowledge and skills in the funding system were considered to impact immersion pathways and undermine long-term educational outcomes for some children.

ECE providers commented on challenges in hiring and fairly remunerating staff without teaching qualifications, but with other skills and qualities.

Improving transparency and accountability

ECE providers indicated challenges in reporting and accountability requirements. While accountability for public funding was acknowledged as important to supporting outcomes, providers described the current system as unclear, duplicative, and costly, with excessive burden placed on providers. Some felt more centralised government-led – and funded – data collection and monitoring could be more efficient at a system level.

Different approaches to compliance and accountability were suggested to provide assurance whilst reducing compliance costs. People commented that some funding streams and service models have differing requirements. People felt limited government data on the workforce makes future planning difficult.

Parents suggested greater clarity on how services use funding to help them feel more confident in the value of public investment. Clearer information about entitlements, rules and accessing government support was suggested by families.

Method and approach

The Discovery Phase included hearing from sector participants, parents, caregivers and whānau, and wider stakeholders. We tailored engagement activity to provide options, including:

- open meetings, in person and online
- targeted meetings, in person and online
- surveys through research company Ipsos
- survey tools online and shared via providers
- open feedback forms online, and an email channel, and
- the MAG met with groups that requested meetings.

Between September 2025 and January 2026, MAG members travelled from Whangārei to Dunedin. They attended 56 meetings and spent more than 80 hours with around 700 people. Around 70 percent of engagements were in person, and around 30 percent online.

The majority of participants at these meetings were teachers, managers, and owners of ECE services. A list of meetings held is available at Annex 1.

The group received 151 written submissions and a further 1,100 perspectives from structured data collection from providers, employers and parents, and parent surveys. Reporting from the structured data collection will be published when finalised, alongside a summary of parent online survey responses.

Structured data collection was commissioned from research company Ipsos, reaching 622 ECE staff, 800 families and 350 employers. An online survey directed at parents received responses from a further 108 families.

Parent feedback through the online response form and excerpts from the Ipsos parent survey are included in this report. Data collection for the workforce and employer surveys is ongoing. It will be considered in further work and findings released when available.

Overall, more than 2,000 inputs were received, many in depth but others specific to an interest or experience.

What we heard: findings and themes

The following sections will cover the five Enquiry Areas (Enhancing access and participation, Promoting equitable outcomes, Creating simplicity, Balancing quality, affordability, and sustainability, Improving transparency and accountability), identifying:

- what is working in the funding system
- opportunities for improvement
- areas of consistent and divergent feedback.

Enhancing access and participation

The Terms of Reference task the MAG to provide advice on how government funding could better provide for ECE participation, children's educational outcomes and development, and parent / caregiver labour market participation.

Children's participation, and parents at work, training, or study

Factors impacting ECE participation and attendance

Participants noted several factors that can impact ECE participation and attendance:

- Fees were most identified by parents as to why children are not enrolled in ECE (see also *Access, including affordability and fees* section), Other common reasons include parents preferring to look after their children or having someone (e.g., relatives) to do so.
- Health issues and sickness, which disproportionately affects disadvantaged communities, and costs of and access to healthcare, especially in winter.
- Eight percent of parents identified scheduling (for example ECE not available when needed) as a reason for not participating.
- Financial stress and unpredictable incomes.
- Changing employment patterns (for example changing shift patterns).
- Seasonal dips in attendance attributed to working patterns (for example in farming communities).
- Demographic factors such as births and migration can result in waiting list lists to enrol in ECE, meaning parents are delaying or reducing work commitments to match availability.
- Families who have relatives visiting for extended periods, particularly from overseas, may withdraw children from ECE to spend time with family
- Multi-generational living arrangements, along with shifts in immigration policy, allow more families to depend on grandparents for childcare.

We heard reduced ECE participation and attendance can impact school readiness.

There was feedback on the critical role of ECE in enabling adults and parents to work.

More than one-third of parents indicated they have turned down work because it involved non-standard work hours or shift work that could not be covered by ECE. Providers also noted limitations of the six-hour day model, see *The 20 Hours ECE scheme* below.

Parents and providers suggested addressing affordability and access barriers to make going to work or seeking employment more viable for parents. Forty percent of parent respondents reported that the Childcare Subsidy supported them going back to work, and 33 percent to increase the amount of work. See also *Access, including affordability and fees* and *The 20 Hours ECE scheme* sections.

There were suggestions to review the six-hour model and consider providing more flexibility in how funding is applied across the week. See also *The 20 Hours ECE scheme* section.

Providers noted interactions with and potential loss of other government subsidies if parents work more.

Some providers reported parents rely on free transport provided for their child to attend. They considered if transport was not available, participation would likely decline, impacting on the financial sustainability of the service.

Other / out-of-scope

Some people felt migrant families are unaware of ECE services and suggested a mandatory welcome/orientation course.

Children's education and development

People commented on the importance of ECE in developing oral language and essential skills, supporting children's learning and school readiness, and strengthening family trust in the education system.

We heard that the first 2,000 days of a child's life are the foundation for long-term learning, wellbeing, and development. Some highlighted that sustained investment in child development and education during this window is essential to achieving positive lifelong outcomes for tamariki and whānau.

More than 80 percent of parents believed ECE has had a positive impact on their children's learning, development, and wellbeing.

People commented that children with complex needs often remain in ECE after age five, as schools are not always equipped with the resources needed to support these children. See also *Specific learning needs and disability* below.

It was noted that children over five years are ineligible for some forms of funding, creating pressure for services if these five-plus children continue to attend.

The 20 Hours ECE scheme

A common theme emerged that while the 20 Hours ECE policy is helpful in principle, the detailed settings mean family choice and workforce participation are held back because:

- The six-hour daily cap and ECE provider expectations for enrolments limit how families can use 20 Hours ECE (especially for families attending three or fewer days per week) and does not reflect modern full-time work patterns or commuting times.
- There is demand for longer funded hours from children who attend for more than six hours per day and/or more than 20 hours per week.
- Some families see a gap in government support between paid parental leave and 20 Hours ECE for 3- and 4-year-olds. We heard that many families need both parents to return to work when their children are younger.

We heard that the lack of flexibility in using 20 Hours ECE does not align with realities of parenting preschoolers, such as a child needing more time to prepare for the day or traffic delays. Examples shared included a family that is often 15 minutes late for drop off while accessing 20 Hours ECE, which can have implications for service funding and create tension between parents and services.

Feedback suggested flexibility for how families can use 20 Hours ECE, including across fewer but longer days. It was acknowledged that any increased flexibility should include accountability. A suggestion was made to increase 20 Hours ECE to 30 hours ECE per week, and to expand eligibility for 20 Hours ECE to children from age two. It was suggested that FamilyBoost funding could be replaced or redirected to expand 20 Hours ECE.

We heard from ECE providers that the detailed settings lead to difficulties for providers explaining the 20 Hours policy to families. This is because:

- Many parents and families think 20 Hours ECE is free for the first 20 hours per week that a provider offers, despite the daily cap or any optional charges for extra services
- Financial stress and affordability issues mean some parents cannot or will not pay optional charges or for additional hours. Parents cannot claim the Childcare Subsidy for optional charges.

Some providers suggested removing optional charges to reduce barriers, improving understanding about what funding covers, and allowing services to charge a standard fee for six-hour sessions instead of relying on optional charges.

Access, including affordability and fees

Fees were identified as one of the biggest barriers to access and participation, and people shared that:

- There is a need for low fees or fees free provision for all age groups. Families just above the Childcare Subsidy threshold were identified as particularly vulnerable, receiving no immediate fee subsidy and sometimes facing significant financial hardship.
- Some feedback indicated Childcare Subsidy applications were considered onerous and services commonly help families to complete and submit applications. On the other hand, 60 percent of surveyed parents found the Childcare Subsidy application process very easy or somewhat easy, while almost 25 percent found the process somewhat or very difficult.
- It was identified that the Childcare Subsidy often does not cover all fees and is not available for all hours, creating further cost barriers for families.
- It was identified that some aspects of the current system led to creation of debt between the family and provider. This includes where a family's income changes (even between weeks) affecting Childcare Subsidy eligibility and funding, and when there are delays in subsidy acceptance.
- People felt fee sensitivity is an increasing issue even among middle and higher-income households due to stagnant or declining incomes.
- Providers reported increased fee competition, sometimes resulting in large discounts (or other incentives) to attract enrolment, for example first three or six months heavily discounted. Some identified that families moved their child to a new service when the discounted fee period ended, resulting in instability of care and education for the child.
- Discounting fees in some communities has become common to compete for enrolments, with declining revenues making some services unviable.

Findings from parents indicated that fees are a significant factor influencing children's participation in ECE thereby parents' participation in work. Among respondents with at least one child not enrolled, 35 percent identified fees as the primary reason. For parents with a mix of children attending and not attending, 44 percent cited fees as the reason not all their children were enrolled.

Fees were also reported to affect employment decisions, with 53 percent of parents surveyed indicating that the cost of ECE has impacted their work or career development. Fifty two percent reported they would increase their working hours if ECE were more affordable, and 50 percent indicated they would have returned to work sooner had fees been lower. Some parents who responded through the online form suggested changes such as regulated fees, so all families pay a predictable level of fees.

Providers told us that parents, families, and whānau from lower-income families, whose children could most benefit from ECE, often may not be able to afford any fees. While equity and targeted funding help subsidise these families, the amounts are relatively small, and compliance requirements are high. Providers suggested that increasing equity funding could help. See also *Promoting equitable outcomes*.

It was expressed that childcare cost challenges are compounded by broader pressures for lower-income families, such as housing and transport costs. See earlier *Children's participation, and parents at work, training, or study*.

Some community and not-for profit providers suggested ECE could be made more affordable for all families by reducing and capping fees and working toward full public provision of low-cost fees or free ECE.

We heard about the impacts on financial sustainability on services trying to offer affordable fee options. Providers from across the sector noted the impacts for centres offering minimal or no fees, fee waivers, not raising fees or not pursuing unpaid fees.

People mentioned that centres offering low-fee structures provide significant community and educational benefits, notably to families where children would not otherwise attend. There were suggestions to fund and incentivise centres that maintain low-fee structures due to their wider community impact.

Rural and remote access or barriers to ECE

We heard about the specific challenges facing rural services and communities including:

- Limited access to services resulting in long travel distances, on occasion up to 120km per day.
- Transport and fuel costs can be a barrier for families where public transport or van services are unavailable.
- Rural ECE centres can face higher costs, for example for professional development and training, delivery of supplies, and staffing.
- A lack of diversity of provision, limiting family choice and access to culturally responsive services was reported.
- Rural families need flexible hours not always aligned to the six-hour day model.
- Farming cycles can cause seasonal enrolments and attendance volatility.
- Housing shortages and high land costs in some regions constrain service expansion.
- Some remote areas rely on playgroups rather than licensed ECE, but funding barriers make it difficult to maintain even where demand exists.
- Starting or expanding services in rural areas is considered risky without support for start-up costs and workforce development.

Feedback noted that a lack of qualified educators is the biggest barrier to sustaining services in rural or remote areas. Significant recruitment challenges arise where ECE teachers choose to work at primary schools where funding support results in higher salaries.

Reliever shortages are particularly severe in rural and remote areas. Some service providers told us they employ extra staff as a buffer, but this can mean wage costs reach 90 percent of revenue in smaller centres, leaving little for reinvestment or long-term sustainability.

Conclusion

We heard about multiple issues impacting ECE access, attendance and participation, some of which impact more significantly on children and families in certain communities, including rural, low socio-economic, and workers in seasonal or shift employment.

We commonly heard that the features of the funding system contribute to its inflexibility and difficulties in access. Participants also raised that affordability has an impact on access, attendance and participation in ECE. We also heard how these issues can impact parents and families at work or seeking employment.

Promoting equitable outcomes

The Terms of Reference tasks the MAG to consider and provide advice to the Government on how funding could promote equitable outcomes for children facing access and participation barriers to quality ECE.

Targeting need

People felt targeted and equity funding was important to support disadvantaged families and children, including paying teacher aides and providing food and transport to reduce barriers to attendance.

People noted the importance of rural/isolation equity funding given the challenges faced by these communities. See *Rural and remote access or barriers to ECE* earlier.

Hospital-based services commented on the importance of equity funding, particularly to support children with additional needs.

People noted the challenges with effective targeting at present, including:

- The blunt nature of equity funding and perceived need for individualised approaches to meet different needs.
- Equity funding being allocated by service rather than by child, creating inequities between services of different sizes.
- Services that may need, and benefit from, equity funding do not qualify.
- Some components such as learning support and English as an additional language are not well targeted, while some aspects such as trauma are not targeted at all in funding.

People suggested that equity funding should be increased and expanded, though some also noted the need to balance equity funding with universal funding. There were mixed views on the potential to amend targeted funding in favour of universal funding.

There was feedback that it was difficult to understand how the equity funding was calculated and distributed. Most providers said this funding was critical to their financial sustainability.

Feedback also spoke to administrative challenges related to equity funding. See the *Creating Simplicity* section.

People suggested a funding model that gives families, rather than ECE providers, direct public funding for children under two. This feedback suggested families could use the funding to stay at home longer or apply it as a "childcare credit" if they returned to work using ECE.

We also heard about targeted funding delivered through contracted programmes such as Engaging Priority Families and Poipoia te Mokopuna. People felt contract terms were too short, creating uncertainty and disruption, with suggestions for longer contract terms and contracts being awarded to organisations with strong community connections.

Feedback from non-kindergarten providers expressed a view that kindergarten funding rates were perceived as inequitable. These providers felt funding rates should be consistent across the sector, regardless of service type.

People stated the frequent absence rule disproportionately affects more disadvantaged families who may face barriers and have more sporadic attendance, see also *Funding adequacy and sustainability*.

One submitter sought consideration to ground children's rights in the funding system to the United Nations Convention on the Rights of the Child (CRC), Te Tiriti o Waitangi, and human rights frameworks. This submission also sought Child Rights Impact Assessments (CRIAs) and other impact assessments when developing potential options.

Specific learning needs and disability

Providers spoke about seeing more children, including vulnerable children, with complex and/or diverse needs. This includes children with trauma, disabilities and neurodiversity.

Conversely, we heard that children with specific learning needs and/or disabilities have long been present. Other feedback suggested these children were less likely to be enrolled in ECE in the past due to experienced or anticipated barriers such as a lack of understanding or accommodation, or exclusion from services.

Some services said they cover the shortfalls themselves and provide what they can, while other services did not have capacity or resources to accept children with complex needs.

Services noted:

- Children with complex needs often need more support, including lower staff ratios and items that are not funded such as modifications to facilities and resources to provide safe learning environments.
- Participants raised concerns that kaiako often need to deliver one-on-one learning support without appropriate training or resources, placing strain on staff and service capacity.
- The use of targeted and equity funding to provide one-on-one support for children with complex needs can significantly reduce the availability of that funding for other intended purposes, impacting on the wider group of children and perhaps not meeting the cost of intensive support.

People considered families are sometimes hesitant to hear their child may have complex needs, resulting in delayed or declined support. Suggestions included providing support for these families.

Feedback also indicated that many children with complex needs have siblings who, although they do not share these needs, are still significantly affected by them and by the lack of support available to their siblings.

Parents who are aware of their children's complex needs reported difficulties in securing appropriate ECE placements. Parents who commented through the online survey identified gaps in services for disabled and neurodivergent children, and the absence of skilled staff impacting access and participation. These parents said that when these supports are present, they see developmental progress.

Some home-based providers indicated that some ECE centres are directing neurodivergent and disabled children to home-based care as a more suitable environment.

Participants suggested operational requirements need to be flexible and responsive to the needs of the children. For example, many providers wanted to have operational and staffing flexibility to meet the specific needs of enrolled children and flex differently as enrolments and child needs change, such as updating ratios or providing specialised staffing.

Other / out-of-scope

We heard about the challenges services see with funding for learning support, such as hours for Education Support Workers.

Family financial supports

There was mixed feedback about FamilyBoost and the Childcare Subsidy as means to support fee affordability for lower income families, with some people considering these are not working well and are under-utilised:

- Providers commented that application processes and paperwork are difficult and time-consuming for families, with challenges including lack of internet access, low literacy and/or not knowing how to apply.
- Parent perspectives indicated more than 75 percent of parents who had applied for FamilyBoost found the process somewhat or very easy and around 15 percent found the process somewhat or very difficult. Parents indicated that applying can be time-consuming and difficult to navigate.
- Some families are reluctant to apply due to lack of trust in government systems.
- Families are not taking up the Childcare Subsidy due to the administrative complexity and the stigma of needing support and going into a Work and Income office. This can leave eligible whānau without support.
- As identified in *Access, including affordability and fees*, processing delays, misunderstanding of Childcare Subsidy coverage, and fluctuations can result in families going into debt with their provider. Services unable to carry these losses resort to debt recovery, which can strain centre-family relationships.
- FamilyBoost applications require the previous quarter fee invoices, with fees generally paid up-front and support received later. This means not all families, especially low socio-economic families, are benefiting and in turn this may impact on ECE participation.

Some providers suggested FamilyBoost funding should go to services as a credit on a family's account. There were also suggestions about alternative uses for FamilyBoost investment such as redirecting to funding specific age groups or increasing funding rates more broadly.

Participants noted that the introduction of the FamilyBoost initiative does not appear to have had a material impact on attendance patterns.

Participants noted there has not been a discernible reduction in bad debts since the introduction of FamilyBoost. Some providers had expected FamilyBoost to reduce arrears but payments to parents have not always been applied to outstanding fees. It was also noted that settings are based on invoicing rather than payment, which may mean FamilyBoost has limited impact on debt to services.

Parents who provided feedback via the online form indicated they prefer simple automatic supports that reduce paperwork and they favour up-front fee reductions rather than rebates.

There was also feedback about Working for Families (WFF) abatements and subsidy structures creating disincentives, especially for low-income parents who weigh up childcare costs against the loss of WFF and other subsidies.

Conclusion

We universally heard people feel funding does not effectively target and meet need, and believe there is a lack of funding to support children with complex needs.

Funding supports were not viewed as working optimally or meeting the needs of those whose children would benefit most from ECE.

Participants noted concerns about pressure on kaimahi and services in delivering services without adequate funding or support.

Creating simplicity

The Terms of Reference speaks to the complexity of the funding system and tasks the MAG to provide advice to enable a simpler and more transparent funding system for parents and providers.

Administrative requirements and costs of accountability requirements

We heard about challenges with administrative and accountability requirements, including:

- Paperwork being burdensome and time-consuming to complete.
- Lack of digital tools, with suggestions to make administrative processes more digital.
- Requirements around attendance, such as signing attendance forms creating additional work for busy parents. It was noted that attendance is also tracked electronically.
- Participants consistently raised concerns about EC 12/13 forms used to manage attendance fluctuations related to unwell children. Parents reported difficulty completing forms, as some medical practitioners instead issued medical certificates, creating challenges for families and services.

Parents surveyed suggested they generally find the enrolment process easy; however, others identified that families could struggle. See also *Family financial supports* earlier.

Providers told us staff spend a lot of time supporting parents to complete forms and paperwork.

Providers said forms not completed perfectly can risk significant reductions in funding eligibility.

People noted that engagement between MSD, Work and Income and services, including use of an 0800 phoneline instead of support on an organisational level, are adding administrative burdens and creating challenges for families and providers. There were suggestions to reconnect services directly with government agencies.

Funding to support centres meet administrative requirements was suggested by providers, especially for smaller services that have the same requirements but fewer resources.

Participants noted that the requirement for audited accounts is costly and time-consuming. It was suggested that, in some cases, assurance could be provided through accountant attestation rather than a full audit.

Funding rules

People felt several aspects of funding rules and streams could be improved, including:

- Providers feel it is challenging to explain the funding system rules and requirements.
- Streamlining targeted funding to reduce complexity and improve clarity.
- Changing the funding frequency from four-monthly to monthly, and removing wash-ups, could help services with financial planning and budgeting.
- Home-based providers suggested replacing age-based funding across services with a flat per-child rate for greater consistency.
- Home-based providers commented that visiting teachers are needed for eight hours but funding only covers six hours.

Participants universally raised concerns that the 15-minute late rule does not reflect the complexity of children's needs or day-to-day service operations. Greater flexibility in the application of this rule was widely supported.

We heard that staff timesheets are managed in 15-minute blocks and funding rules provide no abillity to manage breaks flexibly, particularly if in the 100 percent band. For example, qualified teachers must take strict time-bound lunch breaks to not impact funding rules, but this does not allow teachers to flex their lunch break to better meet the needs of the children.

Some people said funding rules are driving operational decisions rather than meeting the needs of the children.

We heard that some families and whānau do not understand the funding implications of non-attendance.

People said frequent absence rules need simplification, as they disproportionately affect low-income families and communities facing health and housing challenges. It was suggested there should be greater flexibility for illness-related absences, in particular reinstating the flexible rules in place during the COVID-19 pandemic. See also *Targeting need* and *Language and cultural recognition*.

Providers and parents also suggested frequent absence rules should be more flexible to account for cultural practices, travel, and complex family circumstances. People provided examples such as the three-week absence rule impacting immigrant families who had travelled to visit family overseas, or vulnerable children losing places when moving due to family violence. There were also suggestions to introduce greater flexibility in attendance rules for late arrivals and early pickups. Overall, people felt the rules were too narrow and did not reflect the realities of diverse communities.

Participants noted that enforcing frequent absence rules can mean services pursue families in ways that are at odds with relationship-based practice. This was seen as undermining trust and creating tension between services and families and whānau.

Parents who responded to the online form indicated that processes and rules, including frequent absence rules and tight pick-up windows, can feel confusing and punitive, causing stress and reducing flexibility for their families. However, parents surveyed indicated that most found paperwork and processes for late arrivals and absences somewhat or very easy.

Participants acknowledged the importance of accountability to ensure public funding is used appropriately, but considered some flexibility, such as around the 15-minute rule, could better reflect operational realities without undermining accountability.

Conclusion

People spoke about how challenging it is for families and providers to navigate the administrative complexity of the system. It was noted that some rules and processes were not helpful in achieving on the goals of ECE, with lack of flexibility commonly raised.

Balancing quality, affordability, and sustainability

The Terms of Reference for the ECE Funding Review task the MAG to consider and provide advice on how funding could be structured to improve children's educational outcomes and development. It also speaks to the balance between quality and the cost to deliver services, with implications on affordability of fees to parents and whānau. This includes the ways in which the funding system supports providers to meet minimum standards and incentivises higher structural quality inputs, such as adult-to-child ratios or proportions of qualified teachers.

Quality

All contributors commented on the role of funding in supporting quality ECE. The importance of quality for children's outcomes and their right to quality ECE was widely stated.

We heard that adequate funding is essential for meeting, at least, minimum standards, but current settings often force centres to make trade-offs between quality and financial sustainability. These trade-offs include:

- Limiting resources for children.
- Delaying property maintenance.
- Delaying capital investment.
- Staffing choices, for example, not hiring a person with a desired skill set such as a language, instead choosing someone who meets the qualification requirements.
- Reducing access to professional learning and development.
- Not hiring experienced teachers due to cost pressures.

There was feedback that maintaining appropriate adult-to-child ratios was critical, particularly where children have complex or specific learning needs. See *Specific learning needs and disability* earlier.

Parents who responded to the online form also commented on better adult-to-child ratios to support safety, learning, and individual attention, with some suggesting specific ratios.

Providers had concerns about insufficient funding for maintenance and upgrades affecting the learning environment.

Feedback indicated that parents and whānau do not always know what quality services look like, or the risks of poor-quality care. People felt fees are not a reliable indicator of quality.

Providers commented that funding settings should reflect the actual costs of delivering quality ECE, support the diverse needs of children, support services to remain financially viable, and promote quality. An operations grant was suggested to support baseline costs for any service.

Other / out-of-scope

There were concerns about changes to regulations because of the ECE Regulatory Review. People felt these undermine quality, and the current model allowed for minimum standards rather than quality standards.

Language and cultural recognition

People noted the importance and uniqueness of full immersion and bilingual services, and spoke to:

- The critical role of ECE services in revitalising te reo Māori.
- The importance of and need to preserve culturally affirming and responsive services, and funding to support cultural and social wellbeing.

- The importance of smaller, culturally focused services to their communities, and the greater challenges these centres experience when compared to larger providers with more per-child revenue relative to their costs.
- Long waiting lists for some language services, resulting in parents and caregivers having to choose alternative services.

Some participants considered that the current system does not sufficiently support cultural aspirations, particularly for Māori whānau seeking tikanga and te reo Māori immersion services. They expressed concern that insufficient funding may make these services unsustainable, which could disrupt the pathway from immersion early learning to kura. There were suggestions to consider funding approaches that support te reo revitalisation goals through sustained attendance of around 30 hours per week.

Participants reflected on the capability required to support tikanga and te reo Māori immersion environments. This includes not only trained kaiako, but fluent speakers with additional cultural, pastoral, and leadership skills, such as kaumātua involved in puna reo. Concerns were raised that current settings do not always recognise or adequately support these roles, despite their critical contribution to cultural integrity, language transmission, and whānau connection.

Pacific people's services also suggested there should be recognition of their unqualified kaiako who bring strength in culture, language, and community to enhance their programmes.

We heard there are challenges in finding suitable teachers for immersion or language-based services, including Pacific people's services. Some centres carry extra staff, who may not be registered or qualified, to meet language and cultural needs. There was also mention of high costs for relief teachers.

Participants also noted increasing competition for fluent te reo Māori speakers across the education and wider public sectors. In some cases, puna reo and other immersion services reported losing fluent speakers to primary schools or other roles offering more secure funding or employment conditions.

People suggested that equity funding criteria should place more weight on language.

It was suggested that Pacific people's services should have their own funding model to better meet community needs, with ideas raised including a property maintenance fund and a higher language allowance.

Feedback indicated that frequent absence rules are not always culturally responsive. Participants noted that these settings can create challenges for Māori whānau during tangihanga, as well as for migrant families who may need to take extended periods of leave to attend funerals overseas, due to travel distance and time required.

Workforce quality and wellbeing

Many respondents noted the importance of qualified teachers for quality ECE. Parents commented on the need to invest in people – teachers, education assistants and support staff. Providers said that current funding levels do not adequately support the employment of qualified teachers.

It was felt that the recently passed Education and Training (Early Childhood Education Reform) Amendment Act reframed ECE as a tool for labour-market participation rather than supporting quality education for children.

Teacher qualifications

Providers indicated that funding bands linked to qualified teacher thresholds, particularly the 80 percent and 99–100 percent bands, can create operational constraints. Dipping below these thresholds can result in significant funding impacts, limiting their ability to employ unqualified staff even when this is necessary to maintain service delivery. Providers expressed that they felt in a "catch-22" situation.

Providers expressed differing views on the 100 percent qualified teacher funding band. Some providers supported retaining it, viewing it as an important measure of quality, professionalism, and high-quality provision.

Other providers advocated for the 100 percent band to be merged with other funding bands or removed, citing that 80 percent qualified teachers achieved high quality programmes and investment in the 100 percent funding band could be better used elsewhere. These providers felt the 100 percent rules create rigidity and limits services' ability to respond flexibly to workforce and operational realities.

Providers highlighted challenges in hiring unqualified staff, despite it being necessary to provide ratios beyond the minimum and desirable to add skills sets that support curriculum goals, for example language and culture.

Other providers wanted to allow adults with specific skills and knowledge that support the delivery of their curriculum to be considered for funding bands, for example musicians, special needs specialists, horticulturalists, artists, physical educationalists. These providers consider this would deliver quality for children and value for their community.

Providers valued and consistently advocated for increased funding to support teachers' professional learning and development (PLD). They felt career progression pathways are often unclear, mentoring and in-service training are variable and not consistently supported by funding. PLD was frequently described as a trade-off, with services balancing investment in staff against immediate operational and staffing requirements.

Some kindergarten associations noted a shift in emphasis from education as the primary purpose of early childhood services to supporting parents to rejoin the workforce. There was concern this change in emphasis could reduce qualified teacher numbers and cause reliance on lower-paid staff.

Home-based services noted that while teacher registration is not required for all educator roles, they would like greater ability to support teachers in home-based settings to maintain their practising certificates.

Teacher salary costs

Staffing costs represent the largest expense for ECE services. Providers indicated that financial constraints, particularly for smaller services, can result in employing less experienced teachers or relying on unqualified educators. Participants reported that when funding increases occur, these have been largely absorbed by wage costs associated with pay parity, leaving little for operating costs.

Insufficient funding for non-contact time, teacher release, and leadership and mentoring roles was identified as a concern for participants who felt these functions are critical to maintaining quality.

Providers felt the pay parity scheme had delivered valued benefits in recognising the professionalism of the qualified ECE workforce and supported recruitment and retention. However, providers highlighted cost pressures, particularly significant increases in wage bills. Providers noted that employing teachers on higher salary steps can be financially challenging, especially for smaller services, but offering pay parity is important in a competitive labour market.

A peak body suggested establishing a commission that monitors teacher pay levels and sets a pay scale that gives employers more flexibility while ensuring pay rates remain competitive in the future.

Participants noted that funding has not kept pace with increases in wage costs, placing growing pressure on service sustainability.

Providers raised concerns about other costs, including increases to KiwiSaver and minimum wage. These additional costs may impact the sustainability of services.

We heard that providers lose funding on public holidays while their staffing and overhead costs remain. To mitigate this, services sometimes move enrolments normally allocated to public holidays to other days and then move it back. This creates significant administrative burden for parents and services.

Providers suggested that public holidays be funded in line with school settings, to better reflect the requirement for ECE services to pay kaimahi for these periods and to remove the administrative burden of workarounds.

Kindergarten associations raised concerns about differences between the Kindergarten Teachers, Head Teachers and Senior Teachers' Collective Agreement (KTCA) and other ECE collective agreements. Associations noted uncertainty ahead of the KTCA's expiry in April 2026, and concern that any salary increases for primary teachers could flow through to the KTCA, requiring revisions to salaries and budgets. Kindergarten associations also noted a lack of understanding across the wider ECE sector of how the KTCA operates and drives their costs.

Teacher roles and supply

Some groups felt that funding uncertainty affects ECE study uptake, making it difficult to attract new graduates. Providers indicated shortages of qualified teachers, particularly in immersion services. We heard bi-lingual educators are hard to find and some providers reported losing staff to primary and secondary schools offering more competitive salaries.

Peak bodies felt the workforce is ageing, and stress within ECE roles is contributing to attrition, with teachers planning to leave the sector or New Zealand. People described challenges in retaining staff and attracting new educators, citing burnout and increasing workload pressures. Some groups identified challenges in setting a balance between meeting market pay rates for teachers and financial viability for ECE services.

Teacher wellbeing

We heard that financial strain, high stress, and the demands of caring for children with complex needs are stretching teachers and managers thin. Burnout was described as a growing risk, particularly for younger teachers, and some said this could lead to workforce shortages. Funding to support pay parity was largely supported as recognising the value of ECE teachers and maintaining qualified staff, however it has unintended consequences. See *Teacher salary costs*.

ECE providers also commented that pay parity and movement along salary steps is based on tenure. The effect of this is that the average salary step is often high because there are few graduates and applicants on lower steps to balance those on higher steps. This creates upward pressure on staff costs and limits the ability to spread teacher costs across different salary steps. They raised concerns about the scale not incentivising the right skills, experience and qualifications.

It was noted that placement on salary steps includes all qualifications. This means teachers could have started higher on the scale with an unrelated qualification. For example, a teacher with a Master's in Banking in addition to a teaching qualification would start four steps higher than a teacher with a Bachelor's in ECE Teaching. This raised concerns about the scale not incentivising employment of teachers with higher level qualifications[1]. For example, a service may want to offer a newly graduated teacher, with a master's qualification but little teaching experience, a graduate role to build their capability. However, the salary required can be the same as a teacher with five years' experience.

Providers noted that the pay parity scale, originally aligned to the Kindergarten Teachers' Collective Agreement (KTCA), has not kept pace with subsequent KTCA settlements. A gap has emerged between teachers employed under the KTCA and those paid under the pay parity funding settings.

Providers said the increase in funding when pay parity was implemented did not support the increase in staff costs. Additionally, kindergarten associations told us the increase in funding has not kept pace with increases negotiated under the KTCA.

People suggested funding for full, sector-wide pay parity. The home-based sector noted the value of visiting teachers, suggesting funding for pay parity include these teachers.

Property costs

Providers expressed concerns about the significant role of property costs driving the costs of service delivery. Providers said there is market norm to charge a per child per week lease on the license size, often above the market rate for other commercial purposes.

Property developers see building ECE centres as attractive given the significant government funding. However, typical lease conditions increase the cost over time, making lease costs a significant factor in service viability.

We heard that in some areas, property developers are building centres beyond what is required. This has a negative impact of oversupply and lower occupancy and enrolment rates.

Funding adequacy and sustainability

Providers commented on funding settings and their impact on service sustainability:

- Many said funding rates have not kept pace with rising costs, making it difficult to balance quality, affordability for parents, and financial sustainability.
- Centres reported challenges in maintaining affordable fees and covering operational costs, such as rising wages, and offering transport.

1 Since 1 July 2025, pay parity funding rules allow a service provider to set the starting salary for newly certified teachers or those new to ECE in New Zealand without needed to account for higher qualification. This is only in place until 30 June 2027.

- Providers reported little capacity to increase fees in response to cost pressures. Parent survey results support this view, with cost identified as the leading determinant of ECE participation, highlighting the tension between service sustainability and affordability for whānau.
- Some providers said funding does not reflect the real cost of delivering services. See *Funding rules* and *Property costs*.

Smaller services were described as particularly vulnerable. Many reported relying on fundraising and community donations to remain viable, which they considered unsustainable. Providers also noted that trade-offs are often required.

Participants considered funding wash-ups can have a detrimental impact on services, particularly where adjustments are large or unexpected. These wash-ups can create cashflow volatility and make financial planning more difficult. Some participants suggested moving from four-monthly to monthly funding payments.

There was feedback that parental involvement in ECE has declined, with fewer parents helping with activities or supporting staff, increasing pressure on teachers and budgets. It was suggested community engagement initiatives could reduce the impact of declining parental involvement.

Feedback from Kindergarten Associations highlighted differences in financial resilience across the associations. Some larger associations reported being better positioned to offset cost pressures across their networks. In contrast, smaller associations described limited flexibility and increasing financial vulnerability, with several indicating that service closures may be imminent if current funding settings do not change.

Concerns about long-term viability were common. People felt increasing financial strain has led to more service closures, particularly among smaller providers.

People noted that funding based on attendance rather than enrolment can create financial instability for services. See *Funding rules* earlier. There was also feedback that funding based on attendance rather than licensed capacity particularly impacts the viability of ECE centres attached to Teen Parent Units, as attendance in these centres can be sporadic due to the challenges faced by teen parents.

It was suggested to shift funding from strict attendance-based models further towards paying based on enrolment. Tiered funding models with higher funding rates based on ratios were also suggested.

Some parents who responded to the online form suggested higher hourly rates for not-for-profit services, to ensure funding supports quality provision and better workforce conditions, instead of contributing to what they saw as profit for private companies.

Conclusion

People emphasised that adequate funding is critical for maintaining quality ECE, but centres may often compromise on quality and workforce to remain viable. Māori and Pacific services reported pressures in sustaining immersion and bilingual environments, including difficulties attracting fluent and culturally skilled kaiako and limited recognition of vital cultural roles.

Feedback highlighted overall challenges such as hiring qualified teachers, funding rules restricting choices to hire staff with skills and knowledge that meet their curriculum aims, managing rising costs, and addressing workforce stress.

Improving transparency and accountability

The Terms of Reference for the ECE Funding Review task the MAG to consider the balance between flexibility of funding use for service providers versus placing accountability requirements on spending. The Terms of Reference also request advice on moving towards a simpler and more transparent funding system for parents and providers.

Reporting requirements

People considered government data on the ECE workforce is limited, making it difficult to plan and budget effectively for future needs.

There was feedback that financial accountability encourages quality, supporting good teaching and better outcomes for children, families and whānau.

Participants acknowledged that accountability and transparency is needed for public funding. However, many providers felt the current system is operating with a low-trust approach and limited flexibility. See *Funding rules* earlier.

Providers suggested improving information, with clearer and more consistent expectations on compliance obligations. Providers noted that some documentation must be signed before a change to avoid funding loss; however, some administrators reported only becoming aware of such requirements during audit processes. See *Funding rules* earlier.

There was feedback on the requirement for services to have their Special Purpose Financial Reports audited. Some participants considered this unnecessary and costly, and questioned whether they provide additional accountability.

Suggestions included introduction of a Ministry-issued certificate on funding received and confirming it had been applied to core cost areas such as staffing, rent, and resources. Another suggestion was for financial statements to be prepared by a chartered accountant rather than subject to a full audit to provide assurance while reducing compliance costs.

Providers expressed concerns about the cost and complexity of meeting regulatory standards, and some highlighted attestation and verification of attendance processes, contributing to increased compliance burden and administrative cost for services.

Transparency of subsidies and fees

People were concerned about transparency in subsidies and fees, including:

- Reporting requirements being unclear or difficult to access, creating opaqueness that undermines understanding of how funding is used.
- Lack of trust in Government systems.
- Disparities in allocation, monitoring, and reporting across different service models.
- Not enough transparency around kindergarten funding, creating the perception that kindergartens receive extra support, while kindergartens felt this not always reflected in operational realities including the presence of the KTCA.
- Different reporting requirements for services.
- No collection of data on fees charged.

Parents who responded through the online form indicated they wanted greater clarity about how funding is used. The current lack of clarity adds to uncertainty about benefits for families or how improvements to quality are made from funding increases. They commented that when they can see how funding is linked to hours, staffing, or quality improvements, they feel more confident in the value of public investment.

It was suggested that all provider accounts should be made public so parents can see where the money is going.

Parents submitting through the online form wanted clearer information about their entitlements, how attendance rules work, and how to access support. They suggested clearer rules and better information would help all families to benefit from funding, not just those equipped to navigate complex systems.

A small number of parents who responded through the online form said the current system works well for them and they would not make changes, which may indicate the settings suit some families' circumstances or families have different interactions with the funding system.

Providers also felt uncertainty around targeted funding, saying criteria for initiatives such as Targeted Funding for Disadvantage (TFFD) and the ECE Food Programme are unclear.

Conclusion

People broadly called for clarity and transparency in funding, and simpler compliance. Parents reported mixed experiences; however, most providers shared concerns about complexity.

What else we heard

Home-based services

The home-based sector said that home-based care is in demand, providing a unique service. This supports whānau needing more a flexible option, tailored more easily to meet diverse needs, such as those with disabilities/learning needs or language immersion, for rural communities where alternatives are limited or for families with irregular schedules.

Home-based providers considered they are under-funded compared to centre-based services, while having the same regulatory-based standards. They considered parent fees go directly to educators, so providers are reliant on funding for operational costs, differing from centre-based providers who may be able to use parent fees to cover operational costs.

It was noted that some families choose a mix of home-based and centre-based ECE. Providers told us this can detrimentally impact the home-based network provider who carry significant overhead to provide the home-based services.

The home-based sector was concerned about the sustainability of the educator model, when educators earning more than $60,000 per year need to be GST-registered. It was reported that those who operate above this threshold require a higher amount of earnings to break even after GST. Some educators reported they did not want to pass on the 15 percent GST cost to parents. It was suggested GST claims could be enabled on the pass-through component of 20 Hours ECE, for educators who are not GST-registered.

There was a suggestion to review home-based care funding and participation trends, considering changing family structures and immigration patterns.

Hospital based providers

Hospital-based providers commented on the value they provide, working with children, siblings and families as a unit. This includes supporting families who may spend long periods with a child in hospital, or managing longer term health issues, providing familiarity and reducing stress. Staff also help parents understand child health and development and support the transition back into the community.

Hospital-based providers also commented on the use of notional rolls[2]:

- Notional rolls only include children until age five, but older children use resources. It was suggested the notional roll should include all children.
- Notional rolls do not always align with licence size, depending on who attends. Where the notional roll exceeds licence size, full funding cannot be claimed unless the licence is increased.

Other service types

We heard about ECE services being run at ski fields, supporting both seasonal staff and recreational skiers. These services receive funding for the care and education of workforce and visitor children.

Some supported playgroups operate from a bus or van with a qualified teacher to support rural and remote locations. A key focus is supporting children's transition to school. The cost of running this service is high and is only viable when supported and subsidised.

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2 Notional rolls are for ECE services that have significantly different operating models and erratic patterns of enrolment and/or attendance due to their special function in the community, such as hospital based ECE. Services on a notional roll are funded on average actual attendance for a specified period.

Other / out-of-scope

Concerns were raised that the scope of the review is too narrow as advice and recommendations must be fiscally neutral. People felt more money is required to make meaningful changes to the funding system.

Learning support funding is out of scope; however, people commented that funding needs to match the rising demand and costs. People also called for more collaborative and inclusive learning support for diverse learners.

People also commented on Education Review Office (ERO) reports, referring to a reliance on paperwork rather than observing how children are cared for and noting ERO does not visit all centres. Some people felt this creates missed opportunities to ensure safety and quality across all sites, particularly for providers operating multiple centres.

Next steps

The Discovery Phase indicates a funding system under strain, with challenges identified including supporting equitable access, quality provision, cultural aspirations, workforce wellbeing, and long-term sustainability.

MAG members are now considering what was heard and learned and are working to develop indicative options.

The next step is consultation on indicative options.

The MAG will then complete further work before finalising its advice and recommendations to the Minister.

The MAG's web page is the best place to find more information.

Annex 1

Full list of engagements conducted by the Ministerial Advisory Group for the Early Childhood Education Funding Review

Engagements

Session / participants	Attendees
Kindergartens Aotearoa: › He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated › Kidsfirst – Canterbury Westland Kindergarten Association Incorporated › Inspired Kindergartens (Tauranga Regional Free Kindergarten Association Incorporated) › Kindergarten Taranaki (Taranaki Free Kindergarten Association Incorporated)	7
Auckland: Sosaiete Aoga Amata Sāmoa i Aotearoa (SAASIA) conference	Registrations not available
Barnardos Early Learning Centre Māngere	1
Barnardos Early Learning Centre Ōtara	1
Auckland Kindergarten Association	1
Auckland: Large ECE providers › Evolve › BestStart › 4Es Consulting › BusyBees › New Shoots › Kindercare	8
Early Childhood Council (ECC)	3
Gisborne: Ngā puna reo and reo rua services › Whare Amai Puna Reo (service visit) › Te Whare Whai Hua (Reo Rua) › Te Whare Kōhungahunga o Y Tamariki (Reo Rua) (service visit) › Tamarau ELC (service visit)	7
Gisborne Kindergarten Association	2

Session / participants	Attendees
Gisborne: Isolated services › Kids House/Kids Corner (Wairoa) › Te Karaka Preschool	2
New Zealand Kindergartens general manager's group: › NZ Kindergartens › Hutt City Kindergarten Association › Ashburton Free Kindergarten Association › Central Kids › Dannevirke Kindergarten Association › Dunedin Kindergarten Association › Geraldine District Free Kindergarten Association › Heretaunga Free Kindergarten Association › Te Aroha, Marlborough Kindergarten Association › Napier Kindergarten Association › Nelson Tasman Kindergarten Association › Oamaru Kindergarten Association › Northland Kindergarten Association › Ruahine Kindergarten Association › Southland Free Kindergarten Association › Waimate Kindergarten Association › South Canterbury Free Kindergarten Association › Waikato Kindergarten Association › Westport Kindergarten Association	20
Barnardos Services Group	3
Gisborne: Regional Hui: ECE community	14
Taranaki Manawatu Regional Hui: ECE community	80
Auckland: Engaging Priority Families, Targeted Assistance for Participation (TAP), Poipoia Programmes › Turuki Health › Fruition Education Ltd › Relative Ltd	6
Auckland: Safari Multicultural Playgroups - refugee communities › Belong Aotearoa	2
Auckland: Pacific ECE leaders › SAASIA Inc › Ako Tokamu'a Lou Olive › Akoteu To'onga Fungani	5

Session / participants	Attendees
Auckland Regional Hui: ECE community	25
Montessori Association	8
Christchurch: Engaging Priority Families, Poipoia Programmes, Demand Stimulation Programmes › Aranui Community Trust Incorporated Society (ACTIS) › Te Puawaitanga ki Ōtautahi Trust	4
Christchurch: Centre based providers › Ashburton Baptist Preschool › Bella Montessori Preschool Limited › Deb's Place Early Learning Centre › Dorie Community Preschool › Dudley Creek Preschool Ltd › Haven ELC › Heathcote Valley Montessori Preschool › Jigsaw Preschool Yaldhurst › Kids at Play Temuka › Learning Bee Montessori › Little Beans Preschool Limited › Prebbleton Early Learners › Swannanoa Preschool › The James Street Pre-School › Tuahiwi Community Preschool › Waka Huia Childcare › Wonderhub Early Learning Centre › Huntsbury Community Preschool	27
Christchurch: Homebased providers › Curious Little Explorers Limited › Kiddz Homebased Childcare › Organic Kids Limited › Wild at Heart Homebased Education › Home Grown Kids › Pandas Home care › Selwyn Kids	5
Christchurch Regional Hui: ECE community	66
Christchurch: Engaging Priority Families, Poipoia te Mokopuna and Demand Stimulation Programmes	4
Nelson Regional Hui: ECE community	71

Session / participants	Attendees
Bay of Plenty Waiariki Regional Hui: ECE community	57
New Zealand Association for Research in Education (NZARE) conference	Registrations not available
BusinessNZ	2
Hospital-based services	7
NZEI Te Riu Roa	7
Open online hui 21 November: ECE community	47
Open online hui 24 November: ECE community	24
Open online hui 25 September: ECE community	18
Open online hui 25 September: ECE community	15
Hamilton: McKenzie Centre visit	4
Hamilton: Waikato Kindergarten Association	3
Waikato Regional Hui: ECE community	35
Hamilton: puna reo, reo rua	10
Hamilton: service providers	6
Hamilton: Pacific services › Leo o Fanau Moana bilingual › Leo o Fanau Moana immersion	15
ECE Reform non-profit collective of teachers, parents, early education and care service owners	1
Auckland: Auckland Primary Principals’ Association (APPA) › Milford School › Woodlands Park School › Remuera School › Silverdale School	4
ECE Academics 1 December:	3
ECE Academics 11 December:	2
Ngā Puna Reo o Aotearoa (NPRA) Hui:	7
Wellington: He Whānau Manaaki Kindergartens	2
Wellington Regional Hui: ECE community	6
Dunedin: Supported playgroups and Poipoia Te Mokopuna › Te Hou Ora Whanau Services	2

Session / participants	Attendees
Dunedin: Homebased › Wild Things/Edubase Ltd › Pioneers Homebased	4
Dunedin: Kindergartens › Oamaru Kindergarten Assoc › Dunedin Kindergartens	2
Dunedin Regional Hui: ECE community	12
Whangarei	13
Whangarei	6
Whangarei	8
Parent/Family/Whānau group from Whaikaha Ministry of Disabled People	9
Teen Parent Units (TPU): › Barnardos › Stratford High School › Murihiku Young Parents Learning Centre	4
Te Rito Maioha Early Childhood New Zealand	5

Annex 2

Engagement questions and presentation

Engagement presentation is located here.

Te Kāwanatanga o Aotearoa
New Zealand Government