2025 Early Childhood Education Funding Review
Ministerial Advisory Group

Affordability of ECE for Families

An analysis of costs, financial assistance, and demand

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Part 1: Cover Note

Purpose

A Ministerial Advisory Group (MAG) was set up by the Associate Minister of Education to undertake a comprehensive review of early childhood education (ECE) funding. This review aims to ensure the ECE funding system is simple and fair and delivers value for money.

'Affordability and access' is one of the four overlapping areas of concern regarding the current ECE funding system. Access, as well as availability, is influenced by a broad range of factors including proximity and suitability of ECE services, parental attitudes to ECE, preferences for particular service types, and the cost of services relative to parents' willingness and ability to pay. Access and availability of ECE is also dependent on supply, which requires sustainable and adequate funding from parents and government to operate. In this sense, affordability is one aspect of a wider set of access considerations, but it is particularly important to consider in the context of the co-funding of ECE by both government and parents. If ECE costs for parents are too high, this may restrict children's access to ECE, and the benefits associated with participation in quality ECE. It can also adversely affect parent / caregiver participation in employment, study or training. The objectives of this work are to understand more about the "demand side" picture for ECE, and the factors that influence household decisions on enrolment. This includes the extent to which (and for whom) ECE can be considered affordable, by reference to the current costs to parents of ECE participation relative to their income.

This report presents and triangulates several data sources and research – particularly administrative data from the Ministry of Social Development (MSD), Inland Revenue (IR), the results of a Parents Survey (undertaken by Ipsos for the Ministry of Education (MoE)), a literature review, Census 2023, and Treasury's Income Explorer - to answer nine key questions (see below) commissioned by the MAG. The nine questions were designed to provide information about the cost and affordability of ECE for families in New Zealand, and the key factors that influence demand for ECE services.

The first five questions, commissioned by the MAG, related to price, affordability and parental demand for ECE are addressed in Part 2 of this report, the literature review:

1. Understanding what is meant by 'affordability' in ECE
2. Why parents make the decision to take-up or not take-up ECE
3. The impact of price on the demand for ECE
4. The impact of price on parents' labour market participation
5. The interaction of price and non-price factors on ECE demand

The data sourced from the Ipsos MoE parents survey, MSD, and IR are analysed alongside the findings in the literature review to address the following four questions (covered in Part 3 of the report):

6. What do households pay for ECE and what does the analysis of ECE costs mean for ECE affordability to parents/caregivers?
7. What support do households receive to help pay ECE fees?
8. What drives household decisions to use ECE and the amount of ECE used?
9. The cover note to this paper addresses the final question 9, *what funding solutions, within the parameters of the Terms of Reference, best support ECE affordability to parents/caregivers?* by taking the findings of this paper and wrapping them up as advice to the MAG. Further information on different funding types that could help inform the MAG's thinking, particularly

around the use of funding levers to influence affordability, are provided in the *Funding typologies* and the *Overview of Targeted Funding Typologies* papers.

Key messages

Evidence suggests that affordability can significantly influence if and how much parents access ECE, though the extent of impact on demand varies.

Most studies from the literature review found positive effects of a reduction in price on the hours of ECE consumed, but mixed (small to negligible) effect on new enrolments. The larger the reduction in cost, the larger the response. Low-income and sole parent families were also found to be more responsive to changes in price (PCA, 2024)[1]. Difference in a country's unique system, and/or the programme design itself, can also impact the extent to which changes in price impact demand.

Research found that price is a key driver of demand for ECE, but not the only driver. Personal preference for the mix of parental, family, informal and formal care, availability, travel time, and quality are also factors of demand. Over half of respondents to the Ipsos MoE Parent Survey indicated they would use more ECE and would have returned to work sooner if the price were lower. 44% agreed that they chose their ECE centre based on cost rather than preference. The 2017 Childcare Survey (Stats NZ, 2017) found that 5.4% of children were not attending any formal childcare because their parents found it too expensive – which aligns with the Ipsos MoE Parents Survey result of 5.2%. Other reasons given in the Ipsos MoE Parents Survey for non-attendance included personal preference (11.4%) and a lack of space, availability, or scheduling (3.6%).

Children from households in receipt of MSD's Childcare Subsidy (CCS) were found to be more likely to attend ECE for 30 hours or more in comparison to the general population – 37% (CCS) compared to 12%[2]. Those in receipt of the CCS pay on average $39 per week after subsidies even for those attending a full 50 hours[3]. This suggests that three things could be happening; (1) that there is some un-met demand in ECE consumption from New Zealand households not in receipt of the CCS subsidy. (2) that the work conditions placed on accessing the CCS are driving this difference in hours used. (3) Households who work higher hours are more likely to apply for the CCS as they perceive it to be more worth their time. Particularly when coupling this finding with the results of the Ipsos MoE Parents Survey where over half of parents/caregivers said they would use more ECE and work more hours if the cost was lower/ while the other half would continue to work the hours that they do regardless. Alongside this, the literature review suggests that a reduction in price can increase demand, particularly for childcare hours used.

We do not collect sufficient price data to estimate the price elasticities of demand on ECE participation, attendance, or labour market outcomes in New Zealand. In order to assess the effect of changes in ECE costs on demand we would require price data, attendance data, and labour market data for both before and after a policy change that either increased or decreased prices. While labour market data for parents of children aged 0-5 years can be accessed via the Census and the Household Labour Force Survey (HLFS), and ECE attendance data is collected annually by Education Counts, we do not have a time series of price data to enable the analysis needed.

In New Zealand, data sourced from Stats NZ Integrated Data Infrastructure (IDI) finds that there appears to be no clear relationship between parent income and children's hours of attendance at ECE services (Bhattacharya & Sudfelt, 2025). Part 3: Data Analysis, Impact of household incomes on ECE

[1] sole parents demand for ECE was found to be 1.9 times more responsive to an increase in gross wages than partnered parents (PCA, 2024).

2 Table 31 and Table 32

3 October 2025

demand explores this further – it finds that household income does, however, influence parents' choice on provider type, where children from more deprived areas are more likely to be enrolled in less costly services such as Te Kōhanga Reo or Kindergarten than children from less deprived areas (Table 49).

There is no standard definition for what is considered affordable ECE, however international approaches can help provide a point of comparison

Affordability depends on a family/parent's unique circumstances. Some international 'benchmarks' include:

- the United States (US) Department of Health and Human Services (HHS) define affordability at 7% of a low-income working household's income after childcare subsidies (income burden metric).
- Canada has a goal for childcare costs to not exceed $10 a day for parents by 2025-26, for all regulated childcare spaces (price cap metric).
- Sweden places limits on childcare costs as a percentage of gross family income starting at 3% for one child (up to a cap), 2% for the second child, 1% for the third child, and no copayment for subsequent children (income-based fee cap).

Evidence from the OECD suggests that New Zealand has the 4th highest ECE costs relative to income compared to other countries after subsidies. These international approaches can be a useful point of comparison when considering ECE affordability in New Zealand (OECD, n.d.).

In New Zealand, childcare providers set their own prices (and price is not regulated). As such, the same subsidy/funding can lead to very different out-of-pocket costs.

FamilyBoost analysis indicates that NZ ECE costs, after subsidies, range from 3-10% of before tax-household income, differing between age of child and lower-higher income households.

Data from MSD's CCS and IRD's FamilyBoost, indicate that parents are paying an average of $141 per week for ECE in NZ (Table 1). The Ipsos MoE Parents Survey indicates (n=269) that parents are paying, on average, $179 per week for 22 hours of ECE for households with a child aged 0-2 (Table 1). The survey (n=321) and MSD's CCS indicate that parents are paying, on average, $128 per week for 27 hours[4] of ECE for households with a child aged 3-5. This would equate to 13% and 10% of weekly household incomes from all sources after-tax-and-housing-costs for the 0–2 and 3-5 age groups, respectively[5]. FamilyBoost data suggests that most families (child aged 0-2) pay between an estimated 6-16% of their before-tax household income on ECE (before the rebate is applied) and between 4-15% (child aged 3-5) of their before-tax household income on ECE (before the rebate is applied).

Out-of-pocket costs vary by region, age of child, number of children, provider type, and subsidies claimed. Analysis also suggests that lower income families are paying a larger proportion of their household income on ECE. The Ipsos MoE Parents survey suggests higher income households ($186,000 or above) are paying a much smaller 6-8% of their household income after-tax-and-housing-costs on ECE than those earning below that threshold. FamilyBoost data shows that households in the lower income bands (less than $20,000 per quarter) pay a higher 5-10% of their before-tax household income on ECE after receiving the rebate, while the medium-to-higher-income

[4] Average hours are sourced from the Ipsos MoE Parent's Survey only FamilyBoost doesn't collect hourly data, and MSD didn't provide us hourly data.

[5] Household incomes from the Ipsos MoE Parents Survey are the self-reported incomes of these households, grouped (where noted in the report) by age of child, number of children, and region. Household incomes from FamilyBoost/IRD are based on the taxable income as provided by IRD, grouped (where noted in the report) by age of child, number of children, and/region.

households appear to pay a lower 3-6% proportion of their before-tax household income on ECE after the rebate.

This identified clustering of after rebate out-of-pocket costs at around 5-10% for lower-income households, could suggest that this range is where households' ability and/or willingness to pay sits[6] (Table 6, Table 7, and Table 8). This is somewhat comparable to the US 'benchmark' of 7%. Sole-parent households, and households with a disabled family member are more likely to be low-income than dual parent households.

FamilyBoost and the CCS appear to be having an impact on reducing childcare costs for families in receipt, however uptake for both are low in comparison to estimated eligibility.

Those in receipt of MSD's CCS could be considered to have affordable access to ECE as they pay on average $7.96 per day for a 50-hour week[7] – below the Canadian goal of $10 dollars per day (equal to $12.27NZD). This suggests that CCS is having an impact on ECE affordability for these households.

The average weekly value of the FamilyBoost rebate in October 2025 was $42. Averages by income band, ranged from $6-$66 depending on household income, hours used, invoice amount, and number of children. This has reduced the proportion of before-tax household income spent on ECE from 4-16% to 3-10% (again, those with the lowest household incomes pay the largest portion of their income on ECE than those with highest incomes).

Exploratory MoE estimates suggest that there are an estimated 65,694 families entitled to MSD's CCS that currently are not in receipt (Table 29). This suggests that barriers such as lack of awareness, administrative complexity, or mismatches between programme design and family circumstances are limiting uptake. This is consistent with the findings of the Childcare Subsidy Review undertaken by MSD in 2022/23, IR estimates that there were around 67,570 families who are currently entitled to FamilyBoost but not in receipt.

Current uptake for FamilyBoost (quarter ending September 2025) sits at 47%, IR estimates an eventual uptake of FamilyBoost by 71% equal to 92,000 households, which leaves a shortfall of 32,570 households.

The impact of 20 Hours ECE is mixed (based on results from the Ipsos MoE Parents Survey), with some parents paying relatively higher costs compared to others. This could be due to factors such as daily charges, paying extra optional costs such as for meals, nappies, or day trips. Some parents/caregivers included in the survey will be in receipt of other MSD subsidies, while others will not, and it's not possible to distinguish the difference in the survey.

Making ECE more affordable could impact on labour market participation, though there are considerations for costs.

New Zealand and overseas evidence strongly and consistently indicate that the primary reason parents decide to enrol their child in ECE is to support maternal employment. Willingness to pay for childcare is driven by the opportunity cost to parents and guardians of not returning to work. This opportunity cost includes forgone wages in the present and negative impacts on future wealth (ACCC) (2023). These impacts disproportionately affect women. The Productivity Commission Australia (PCA) (2024) confirms the strong link between ECE use and mother's employment. That being said, the literature review showed that decreases in the cost of childcare consistently have a greater impact on

[6] Lower-income households may be more likely to have a willingness to pay that is higher than their ability to pay. Additionally, many households also have other considerations (outside of cost) that impact their demand for ECE such as a desire to stay home with their children.

[7] Table 26

childcare use than on maternal employment, even when the subsidies include a requirement that the parent be employed.

Evidence suggests that the more affordable ECE is to parents, the more significant the labour market impacts. While the literature review saw the greatest impact on ECE demand where ECE was free for a full day/most of the day (Humphries, Neilson, Ye, & Zimmerman, 2024) (PCA, 2024), the impact was less strong on labour market participation.

Estimates from the United States suggest that a 10% reduction in the price of childcare could lead to a 0.25–11% increase in maternal employment (likely near 0.5–2.5%) (Morrissey, 2017). The more affordable the childcare is – especially for a full day[8]– the larger the impact on maternal employment. A NZ Ministry of Women's Affairs paper (Knox, 2012), found that for every 1 percent increase in the cost of childcare, maternal employment rates drop by 0.1 to 0.8 percent. Overseas literature suggests that price of childcare has larger impact on the number of hours worked by already employed parents than on labour market participation rates of parents. International studies found that subsidising ECE costs by a minimum of 25% lead to an average increase of 2 hours worked per week. Subsidies covering a full-day (6.6 hours per day) lead to an increase of 2.5 hours worked per week, while a study into universal pre-kindergarten (10 hours per day) found an increase in parents' hours of 12.8 per week.

Over 47% of respondents to the Ipsos MoE Parent Survey said that the cost of ECE means they are working or studying less than what they would like, 37% said that the cost of ECE has stopped them from returning to work or study, and over 52% said they would work more hours if the cost of ECE was lower. This suggests there is a link between affordability of ECE costs and labour market participation in New Zealand.

Alongside affordability, the availability and operating hours of services is another major factor that can impact if and how much ECE is consumed.

ECE operates in highly localised markets, where parents may face constrained choices. Parent decisions about ECE use are strongly influenced by specific family circumstances. While parents often consider price first, this is usually followed by practical considerations such as the proximity and availability of services that meet family needs. Quality considerations are important but only where there is a choice of services in the local market.

Findings from the Ipsos MoE Parents Survey shows that many parents/caregivers had difficulty finding a service that is open/had available space for the hours they need and almost half had been put on a waitlist. 16% of those with children not enrolled in ECE said that it was due to a lack of space, availability, or scheduling. Similarly, the literature review included research indicating childcare providers do not cater well to the nearly 50% of New Zealand working mothers of young children who work irregular hours (Sin, 2022).

ECE policy and funding settings should encourage and enable ECE participation, with consideration of child outcomes alongside labour market goals, while remaining respectful of parent's choice about whether and how much their child participates. The NSW Productivity Commission (NSWPC) 2023 found the key, non-price related barriers to ECE participation included a lack of choice, inflexible care arrangements, poor access and personal preference (e.g. wanting to develop stronger bonds with their children and/or having a parent, friend or relative care for children) (NSWPC, 2023). According to the Ipsos MoE Parents Survey, 50% of those with children not enrolled in ECE said that it was due to

[8] *For example, an English study found that mothers whose youngest child was eligible for free full-time care were 5.7 percentage points more likely to be in the labour force and 3.5 percentage points more likely to be in work than mothers whose youngest child was eligible for free part- time care (Brewer, Cattan, Crawford, and Rabe, 2022).*

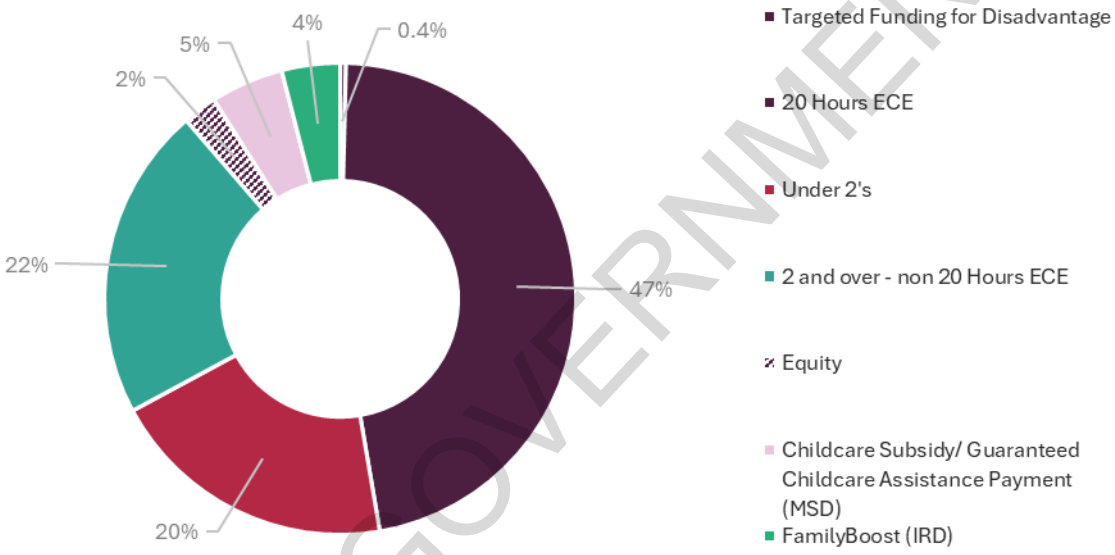
personal preferences including wanting to stay home with their child/children (Table 33)[9]. Information asymmetries can also affect ECE use and is more pronounced in families from lower socio-economic backgrounds.

Literature also indicates that families who do not participate in ECE typically have lower incomes, are more likely to be unemployed or not in the labour force, be receiving income support, and have lower levels of education than those who do participate. Non-users are also more likely to have traditional views about parental roles and women's labour force participation, have younger children, or have a child with a major health issue (PCA 2024).

Considerations for influencing ECE costs and affordability for families

An overall funding system is generally comprised of number of complementary funding types which, in combination, are designed to meet the goals and objectives of the system. Both 20 Hours ECE and the ECE Subsidy are universally applied. Together, these account for 47% and 42% of government funding for ECE respectively (Figure 1).

Figure 1 Allocation of ECE funding by programme and government agency



Source: Education Counts, Budget 2025

New Zealand also has a large number of targeting mechanisms in use to support a range of objectives for ECE. However, while there are a lot of different targeted funding pots, these account for 11.7% of government funding for ECE (Figure 1). These include a mix of approaches in relation to key design elements— the basis for targeting, eligibility, recipients, and the level of resourcing provided. There is broad acknowledgement by the sector that there is scope to target resources more effectively and improve the adequacy of targeted funding to support equity objectives.

[9]*Unique responses only to "I prefer to stay home & look after my child(ren) myself" and "I have someone (e.g., partner, parent, relative, whānau) who can look after my child(ren)".*

Almost any choice the MAG considers in order to influence affordability will have fiscal implications, which will depend on the extent of targeting and the level of support provided to target groups. As options need to be fiscally neutral, there are trade-offs, and choices to be made for how the MAG could use funding levers to influence or impact affordability and for which groups. These factors are already being considered through the MAG's work including options looking at other aspects of the funding system and the cost to serve work that is still in development. The material covered below should be considered within this wider context.

Further information on different funding types that could help inform the MAG's thinking, particularly around the use of funding levers to influence affordability are provided in the *Funding typologies* and the *Overview of Targeted Funding Typologies papers*.

Where to target government support for families and how much

There are choices to be made around where to target government support, which could also influence how much support to provide within the given fiscal envelope. Targeted, objective-driven, ECE funding can support both efficiency and effectiveness of ECE resourcing.

Targeting support for ECE costs at a smaller group of parents/families could allow for a larger level of support per family that could have a bigger impact for these groups. Conversely, a more universal approach that supports a larger number of families would likely require a lower level of support per family, which may have less of an impact for some. These considerations also have links to other areas that the MAG is looking at/has seen previous advice on including the balance of universal vs. targeted funding and funding typologies.

While there are no set definitions for what is considered affordable and for who, clustering of costs identified through data analysis alongside international benchmarks of affordability from the US and Canada could provide a useful point of reference to help the MAG assess what could be considered affordable in New Zealand and how this may change depending on household income levels and other household characteristics, including household composition and location.

Analysis of FamilyBoost data and the Ipsos MoE Parents Survey data suggests that lower income families may be paying a higher proportion of their household income on ECE compared to higher income households. The MAG may wish to consider what the appropriate income thresholds may be for additional government assistance. For example, a household with two parents both working full-time and earning the living wage would take home an estimated $96,367 after-tax annually (or $112,905 before tax)[10]. Changes to the level of support for low-income families and/or income thresholds could help balance the level of support provided while ensuring the breadth of who is eligible is in line with the MAG's objectives.

Children from low-income households where parents do not work, currently face a noticeable barrier to accessing affordable ECE. These are the same children who research suggests would benefit the most from ECE participation. These households as a whole would also benefit from labour market participation. Relaxing the work/activity conditions tied to the MSD CCS[11], by increasing the number of hours of CCS available for low-income households (e.g. incomes below $60,000[12] net) and/or the 9-

[10] Estimates according to the Treasury's Income Explorer. Full time assumes 37.5 hours. As at 10 March 2023

[11] Parents who are not in employment are generally limited to 9 subsidised hours per week. The 9 hours non-activity policy is the responsibility of Oranga Tamariki as it has has a different purpose to supporting labour market participation.

[12] Treasury's Income Explorer suggests that, for a two-parent household, net income below this level is equal to the net income of a family in receipt of a benefit. NB: This model includes some, but not all, forms of supplementary assistance and does not account for variability in household composition and actual costs.

hour cap for families not engaged in work, study, or approved training could be considered if the MAG wished to improve affordability for children with the highest need. Any such changes would need to consider impacts on incentives to enter into employment or skill development. Consideration could be given to removing barriers or better enabling non-working parents to access childcare subsidies if they are actively looking for work (and not currently in employment). This could help both support child participation in ECE and parents who are actively seeking work to find employment. Some countries, such as Australia and Ireland, provide support for childcare costs for those seeking work. This could be applied within existing mechanisms or new mechanisms (see below).

What funding approaches could support ECE affordability for families

The MAG could consider changes that range from tweaks to existing policies (CCS, FamilyBoost, the ECE Subsidy, 20 Hours ECE, and other targeted funding pots) or larger scale change. The former could include changes to targeting/eligibility and the level of support provided, or changes to existing settings/administrative requirements designed to improve uptake.

As indicated earlier, analysis suggests that the CCS is having a positive impact on affordability and ECE use for those in receipt, and FamilyBoost is having an impact on affordability. However,

Table 29 indicates that current uptake for FamilyBoost (quarter ending September 2025) sits at 47%, IR estimates an eventual uptake of FamilyBoost by 71% equal to 92,000 households, which leaves a shortfall of 32,570 households.

Table 29 also shows that there are an estimated 65,694 families entitled to MSD's CCS that currently are not in receipt[13]. Addressing the gap between eligibility and uptake (previously discussed in synthesis and other documents) could have a positive impact on ECE costs for eligible non-recipient families, suggesting there is scope for improvements within the current system architecture. This would have fiscal implications if uptake is driven above budgeted forecasts, and therefore could be looked at alongside choices on targeting and the level of support provided. Further advice would need to be sought from MSD, IR, and Treasury around what any changes to FamilyBoost or CCS uptake would have in regard to fiscal neutrality.

Consideration could be given to shifting focus to encouraging take-up of the CCS and FamilyBoost for low-income households, over the high-income threshold currently applied to FamilyBoost.

Current settings for 20 Hours ECE could also be considered. This could include, expanding 20 Hours ECE— for example the UK has 30 hours free for 3–4-year-olds and 15 hours free for children aged 2. However, as this is a universal type of support, to effectively support participation this would be more costly than more targeted options and involve significant deadweight costs. Additionally, the interaction and interface with targeting of additional government subsidies would need to be considered so the totality of support could be directed where it would have a more material impact on affordability.

More broadly, the MAG could also look at larger scale changes to approaches to support ECE affordability. These could include changing the mechanism (for example, a direct-to-parent voucher system). Alongside cost implications, there are likely to be more practical implementation considerations to work through alongside any assessment of risks and benefits for any larger-scale change. Any change in mechanism should account for any learnings from the current system on strengths (impact for those who can access) and weaknesses (administrative complexity).

Experience with 20 Hours ECE — where some providers (for financial sustainability and other reasons) may add additional costs and conditions to access these hours of ECE — suggests that any changes would also need to consider the potential provider behaviour response, as this may have flow on consequences to parents/caregivers in terms of cost or access.

[13] Entitlement estimates are based on Ministry of Education analysis inside the Statistics New Zealand Integrated Data Infrastructure (IDI)

Data limitations and caveats

- Parents survey data has a response rate of 800 people, comprised of 618 parents with children in ECE and 182 parents/caregivers with children aged 0-5 not in ECE. This means that analysis at a granular level often returns very small counts which impacts on the reliability of the results. For this reason, counts have been provided on all tables. Therefore, detailed analysis of the Ipsos MoE Parents Survey, where low counts exist cannot be generalised as representative of the national population. For this reason, household counts have been included for all tables. Please interpret results with caution and consider as indicative only.
- FamilyBoost income data does not include non-taxable support, many of which are paid to families with young children (for example Best Start tax credits and other Working for Families tax credits, Accommodation Supplement). This means that we do not know the true household income for these families. However, in the instances where household income appears below what you would expect from a household in receipt of benefit, we have used the Treasury's Income Explorer to estimate a minimum income should these households be in receipt of all estimated entitled taxable and non-taxable benefits.
- FamilyBoost doesn't capture how many hours an invoice is for, nor does it separate cost per child for households with multiple children, as this information is not required for claiming FamilyBoost. This prevents us from knowing the hourly rate that people are paying for ECE. It also means that we cannot tell if a family is paying a lot/very little for ECE whether that's due to how many hours they are using, quality preferences etc. The FamilyBoost data is therefore not sufficient to project assumptions around consumption patterns, outside of what Education Counts collects.
- Due to suppression and rounding rules, FamilyBoost counts for the number of households and number of children can vary between tables.
- MSD does not hold estimates on those entitled to their subsidies. The Ministry of Education has filled this gap by undertaking exploratory analysis within Statistics New Zealand's Integrated Data Infrastructure using Census 2023 and MSD data. These figures should be considered as estimates only.
- Some Education and Care services have the word 'kindergarten' in the name. Therefore, some parents/caregivers filling out the Ipsos MoE Parents Survey may not know that their children are enrolled in Education and Care. This complication may skew the results for Kindergarten's where parents/caregivers believe their child attends a Kindergarten when they actually attend an Education and Care service.
- Much of the data presented in this report comes from three key sources: the Ipsos MoE Parents Survey, a customised MSD data set, and a customised IR/FamilyBoost data set. In many cases, this data has been analysed and manipulated by MoE to present various calculations of meaning including medians, averages, out-of-pocket costs, and portions of income. Where this has occurred, it is referenced under the table/figure source as 'MoE analysis' alongside its original source.
- The appendix contains a summary of parents' perspective on ECE cost that was originally collected in relation to articles produced by Stuff. These should be taken as anecdotal snapshots and indicative only. They should not be taken as statistically robust or representative of the population at large.
- Household disposable income after tax and housing costs is calculated from self-reported data from the Ipsos MoE Parents Survey.

Ipsos MoE Parents Survey

The Parent's Survey was commissioned by the MAG, to collect input from parents and caregivers of children aged 0-5. The purpose of the survey was to collect information on the costs, views, and experiences of parents/caregivers of children both enrolled in ECE and those who have not enrolled their children in ECE. Topics covered include affordability, cost, impact on their labour market choices, experience with the ECE system, and the subsidies available.

- **Survey method:** Online survey
- **Length of interview:** 6–11 minutes
- **Fieldwork period:** 21 November–8 December 2025
- **Target:** Parents / primary caregivers of ECE-aged children
- **Sample size:** n=800, comprising n=618 parents / caregivers with child(ren) enrolled in ECE and n=182 parents / caregivers with children aged 0-5 not enrolled in ECE

Additional notes on FamilyBoost data definitions received in the customised dataset	
Field	**Description**
Age of Child/ren Band	This is calculated using the datediff function between the quarterly period end date and the child/rens date of birth to 2DP (no rounding up or down).
Average Total Approved Invoice Amount (IR determined)	The calculation for this value is Total Approved Invoice Amount (IR determined) / Household Count
Average Total Claimed Invoice Amount (Customer Input)	The calculation for this value is Total Claimed Invoice Amount (Customer Input) / Household Count
Average Total rebate paid	The calculation for this value is Total Rebate Paid / Household Count
Child Age Band (Under 3yrs or Over 3yrs)	The child age is calculated using datediff between the quarterly period end date and date of birth and then either the Under or Over 3yrs band
Count of Children	The number of children (sum)
Equity Index	The Equity Index estimates the extent to which young people face socio-economic barriers to achieving in education. (Source of the definition - MOE website/changes-in-education)
Household Count	Count of households that submitted and had a claim approved
Household Count of Children	Count of children included in a submitted and approved claim (sum)
Household Income Bands	These increments are the standard bands IR uses and provides externally (govt and public).
Invoice Count	Count of invoices included in a submitted and approved claim (sum)
Provider Type	This is the category an ECE falls into based on the ECE Directory (Source - data.govt.nz)
Region	We use the applicants physical/location address match this to the NZ Post address information to get the mesh ID for that address match the mesh ID to the Stats NZ Geographical Area data which given us data access to all geo data. There will be instances where the address we hold is invalid and/or cannot be match this will result in the out being "Region Unknown".
Total Approved Invoice Amount (IR determined)	This information is based on values IR gathers when the scanning process is run over the invoices the applicants provide for their claims. It will include include values that are necessary for IR to administer FMB and to calculate entitlements. It may not include all values on an invoice. The link outlines what fees can/cannot be claimed and will be exclude from the key word scans.

Total Claimed Invoice Amount (Customer Input)	This information is based on what a customer inputs during the claim process. This value is not validated/verified at the time. We have chosen to inlcude this value as it may give you more insights into the "total" value parents pay to ECEs where as the Total Approved Invoice amount is specific to IR's needs to determine FMB entitlements. We have removed obvious outliers Input claim values (example of an input of $2.9m value).
Total Rebate Paid	This is the value of FMB rebate the applicant is entitled to and IR has paid to the applicant

Part 2: Literature Review

Affordability, the role of price in ECE demand and parental labour market participation, and non-price factors that influence ECE demand

Defining affordable childcare

Government policies frequently identify affordability as an objective for the ECE system. Given this, it's important to understand what constitutes affordable ECE for families.

Very few ECE affordability benchmarks exist internationally, either explicitly or implicitly. The most commonly cited definition is the 7% affordability benchmark from the United States Department of Health and Human Services (HHS), in which childcare is considered affordable if it does not exceed 7% of a low-income working household's income after childcare subsidies.

The HHS benchmark was based on the national average share of family income spent on childcare nationally. Notably, the 7% benchmark was never meant to be an affordability metric for all families, but was a recommendation for how much a low-income, working family receiving a childcare subsidy should pay as a co-payment for childcare services. Only a small proportion of children in ECE in the United States (6.4% in 2020) receive subsidies / co-payments (Bipartisan Policy Centre, 2020).

The HHS recommended the 7% benchmark to achieve parity in childcare cost burden, because low-income families disproportionately spend more of their income on childcare compared to higher income families. In the United States, the Child Care and Development Block Grant Act of 1990 (CCDBG Act, as amended) is the main federal law governing childcare programs for low-income working families[14]. According to a report released by the Library of Congress, the HHS amended regulations in 2024 to prohibit states and territories from setting copayments at a level that exceeds 7% of family income regardless of number of children in childcare (previously, the 7% cap was recommended but not required).

The Productivity Commission Australia (2024) identified two other examples of countries that could be considered as having affordability benchmarks:

- In Sweden, there is no explicit childcare affordability benchmark. However, under Sweden's maximum charge (maxtaxa) policy, childcare costs are limited to 3% of gross parental income for the first child (up to a cap of 1,572 SEK (AUD$225) per month), 2% for the second child, 1% for the third child, and no copayment for subsequent children, and the the fourth child is free (Dutta, 2024), (Boden Municipality, 2025).
- Sweden has a relatively high tax to GDP ratio (41.3% compared to Australia's 29.5%) meaning that even though Swedish families may spend a smaller proportion of their income on ECE, they also contribute more to funding it through higher taxes.
- The Canadian federal government has a goal for childcare costs to not exceed $10 a day for parents by 2025-26, for all regulated childcare spaces (Macdonald & Friendly, 2023).

[14] The CCDBG Act was enacted in P.L. 101-508 and is codified at 42 U.S.C. §§9857 et seq.

The Productivity Commission Australia (2024) highlights the challenge of defining affordability in an absolute way (such as through benchmarking) because:

- ECE affordability depends on a family's level of income – a dollar or percentage of income will be of greater value to low-income households who have more constrained financial resources.
- Affordability also depends on family's individual financial obligations – families may have the same characteristics in terms of income and number and age of children, for example, but their individual financial obligations will influence how they perceive affordability.

Rather than defining affordability in any absolute way, they suggest a set of principles that should guide future considerations of affordability:

- **ECE subsidies should at least not be regressive:** lower income families should not pay a larger proportion of their income than higher income families

- **ECE affordability should be monitored**: this would provide information to policy makers on whether measures to improve affordability are required

Noble et al (2021) also note that there is there is no standard measure of childcare affordability. They point to other categories of household expenditure for which there are metrics to measure and assess affordability. They note that looking at other areas of household expenditure is useful for exploring potential methodologies that could be adopted to set benchmarks or ranges for childcare affordability, and for determining what household expenditure items might be considered significant enough to merit more detailed and regular analysis of affordability. They give two Australian examples of other household expenses:

- **Energy affordability:** The Australian Energy Regulator (AER) examines income, electricity usage and retailer offers to provide an overall picture of changes to electricity affordability for households. It looks at prices and household usage, compared with concessions, retailer offers and household income. In 2019 the AER found that in 2019, low-income households spent between 4.8 per cent and 7.6 per cent of disposable income on electricity (compared to average income households which spent between 2.6 per cent and 3.9 per cent).

- **Housing affordability:** In Australia this is expressed as the ratio of housing costs (rent payments, rate payments, and mortgage payments) to gross household income. Lower-income households (in the bottom 40 per cent of Australia's income distribution) are deemed to be experiencing housing stress if they spend more than 30 per cent of their gross income on housing costs (referred to as the 30/40 indicator).

The Economic Policy Institute in the USA has developed a 'family budget calculator' (see Economic Policy Institute | Family Budget Calculator), a sophisticated tool that measures the income that different types of family's need in order to afford basic necessities (including childcare) while maintaining a modest standard of living. They use this tool to assess and compare childcare affordability in the context of other household costs, for families in different locations and circumstances (see, for example, Child care costs in the United States | Economic Policy Institute) and to identify the expenditure, labour market and economic effects of applying the 7% HHD benchmark on household expenditure. Such tools rely on the availability of robust detailed

information about the various household costs faced by families, and the range of income support that is available to them[15].

A 2018 report on ECE financing by the United States-based National Academies of Sciences, Engineering, and Medicine also concludes that determining the level of ECE expenditure that is affordable to families is challenging. As with the other reports cited above, they note there is no universally accepted definition of affordability for ECE services, nor is there agreement on how it should be measured. They consider four different approaches to determining a reasonable share for families to pay (or four ways of defining an affordability standard for families) and highlight issues with each:

- **Share of income based on equitable cost burden.** The share of income families spend on childcare and education varies with their resources, needs, and preferences.
- **Share of income after protecting for necessities**. A basic-needs budget approach. This has similar issues as those noted for the equitable cost burden approach above.
- **Affordability as minimizing impact on utilization decisions**. An Economic modelling approach. Issues include complexities in defining family income and in setting the threshold that defines affordability given differing family needs and characteristics.
- **No-fee approaches.** While this eliminates financial barriers and supports access to ECE regardless of family circumstances, it requires high levels of public funding.

Ultimately the committee of authors did not propose the adoption of a particular definition of affordability but instead identify criteria to use when assessing different approaches to defining what is affordable for families, and / or determining what is a reasonable share of total ECE costs for families). These criteria are:

- **It promotes access:** It must enable families at all income levels to access high-quality ECE services for their children of all ages from birth to 5 years old.
- **It promotes equity:** If an approach requires family payment of fees, then the share of income expected to be paid out of pocket for ECE services must increase progressively across income levels, reflecting the fact that as family income increases, the share of income needed for other necessities decreases.
- **It provides clarity / transparency:** The basis for determining family payments and assistance levels should be clear and understandable to policy makers and families. Minimizing the complexity of appropriate payment shares can improve the transparency and acceptability of the system and promote uniform application of rules across families and jurisdictions.
- **Implementation costs are minimised:** To the extent practicable, minimizing the cost of implementing a payment share system is another desirable goal, as it uses public and private resources more efficiently. Moreover, an efficient payment share system may also allow administrators to focus on service provision rather than payment management.

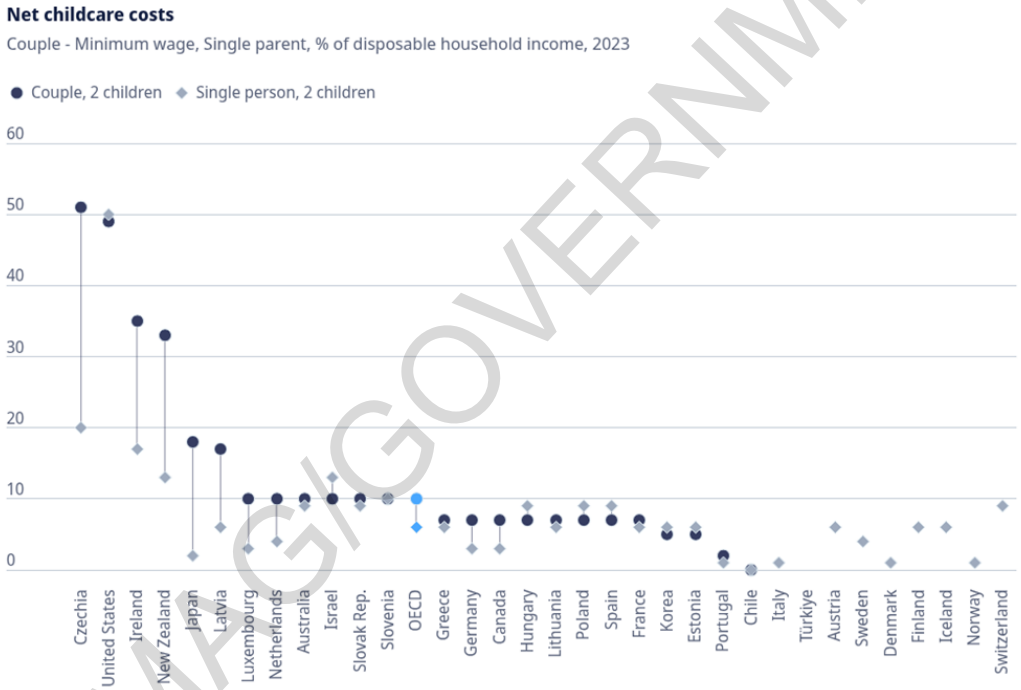
[15] In New Zealand work to assess income adequacy and the impact of different household costs and income support setting was undertaken as part of the work of the Welfare Expert Advisory Group in 2018, and repeated by MSD in 2022 (see incomes-and-costs-for-example-families-in-2022.pdf). Incomes and costs (including childcare costs) were calculated for six example families of different types, using different work and housing scenarios.

Childcare affordability in New Zealand relative to other countries

Affordability can also be assessed by comparative analysis using common metrics. The OECD has developed a methodology to compare net childcare costs across countries. They define net childcare costs as the net reduction in family budgets resulting from the use of full-time centre-based care. Costs are net of any benefits designed to reduce the gross childcare fees. It is calculated by comparing net income of a family that uses childcare and an otherwise identical family where no childcare services are used (for example, if the family can use unpaid informal care). Net childcare costs are calculated for both couples and lone parents assuming two children aged 2 and 3, both attending a childcare centre full-time. For this indicator, couples include one parent earning 67% of the average wage and the other earning minimum wage. Single parents earn 67% of the average wage. This indicator is measured as percentage of household disposable income and average wage.

According to the OECD, New Zealand has the 4th most expensive net childcare costs[16] out of a group of 25 countries. Based on the OECD measure, the net childcare costs sit at 15%, for a couple and 10% for a single parent. In comparison, the OECD average is 10% and 6% respectively. Australia's net childcare costs are 8% and 9% respectively. The OECD also produces a measure of net childcare costs as a proportion of disposable household income, which estimated this sits at 33% for a couple and 13% for a single parent[17].

Figure 2 OECD reported cost of childcare as a proportion of net household income, OECD countries, 2023, or latest available



Source: OECD, Net childcare costs for parents using childcare facilities

[16] Net childcare costs are the household expenses of using full-time centre-based childcare, after any benefits designed to reduce the gross childcare fees

[17] www.oecd.org/en/data/indicators/net-childcare-costs.html?oecdcontrol-chart-control-610f6d7d98-var3=2023&oecdcontrol-chart-control-d25dd09fa5-var8=PT_INC_DISP_HH

Why parents make the decision to take-up (or not) ECE

New Zealand evidence

There is limited New Zealand evidence about parental ECE decisions, including the reasons why they chose to enrol their children in ECE, and the reasons for non-enrolment. A 2007 qualitative study undertaken for the Ministry of Education explored attitudes to children's learning outside the home, reasons for using ECE services, factors important in deciding whether to use ECE services and factors important in choosing between different types of service (Robertson, 2007). It found that parents' decisions to use ECE services depend on the perceived need for some educational experience for children outside the home. For families where the mother is in paid employment the need for childcare while working was also an important influence on the use of services. For lower income families the cost of the service and the availability of subsidies are important factors. For Māori children the availability of culturally appropriate services was identified as important.

The 2017 Childcare Survey (Stats NZ, 2017) provides more recent insights as to the reasons why New Zealand parents enrol their children in formal ECE. Work commitments were given as the main reason for just under half (49 percent) of pre-school children being in formal childcare. In terms of other reasons, one in five preschool children (20 percent) were primarily in formal care to mix with other children, with a similar number of parents (19 percent) giving 'education' as the top reason for their pre-school aged child being in formal childcare. 5.4 percent of children were not attending any formal childcare because their parents found it too expensive.

Research by Motu Research (Sin, 2021) used Growing Up in New Zealand data (GuiNZ) to explore how challenges in accessing affordable childcare affects the long run labour market outcomes of mothers. This study provides information about the reasons why parents do not enrol their children in ECE at ages 9 months and 2 years. Parental preferences, cost and other access issues (e.g. a lack of childcare places or childcare not being available when it is needed, childcare not being available locally or transport difficulties) were the main reasons. Sin (2021) found that:

- A third of children in the Motu Research study were in regular childcare at 9 months, over half were not in care due to parental preferences, and 7.7% were not in care due to cost or other access issues. At age 2, over half of these same children were in regular childcare, with a similar percentage (7.5%) not in care due to cost or other access issues. Cost specifically, was the main reason for non-participation at age 9 months (3.3%), increasing to 4.4% at age 2 years. Relatively small numbers reported 'other access issues' as the reason children are not in childcare (Sin, 2021).
- Māori and Pasifika mothers, unpartnered mothers, and those living in deprived areas were significantly more likely than European mothers to report their child is not in regular childcare due to cost or access issues. Those living in rural areas were more likely to report not using childcare due to other access issues, and less likely to report cost as a barrier. The study also found a strong relationship between household antenatal income and childcare use at 9 months and 2 years (with childcare use increasing with income, while cost and other access issues decrease with income), even after controlling for other parental characteristics (Sin, 2021).

Overseas evidence

Similar to NZ, the Australian Competition and Consumer Commission (ACCC) (2023) in Australia found that, for most parents and guardians, the decision to use childcare is tied to the decision to enter or remain in the labour force. As a result, willingness to pay for childcare is driven by the opportunity cost to parents and guardians of not returning to work. This opportunity cost includes

forgone wages in the present and negative impacts on future wealth (due to missed opportunities for career development and compound impacts of lost superannuation).

The NSW Productivity Commission (2023) commissioned a survey of more than 2,000 NSW families who have children aged between 0 and 5 to understand the reasons families give for not using childcare, or for using it relatively little. The aim of the research was to provide insights into the policy options that parents would most value, and the impact of various barriers on ECEC usage.

The research found that cost is not necessarily the only or main reason preventing non-users and low users from increasing their use of ECEC services, and identified three other factors that are often more important to parents:

- a lack of choice
- inflexible care arrangements
- poor access (that is, problems securing a place at their preferred provider).

Other key findings included:

- difficulties in accessing up-to-date and accurate information, and uncertainty about out-of-pocket costs, can be barriers as big as cost
- many families not using ECEC services do so out of personal preference rather than reflecting ECEC cost or availability considerations
- perceived quality of ECEC services is not a large barrier to usage.

The Productivity Commission Australia (2024) used existing evidence, survey, and administrative data to explore which families did not use ECE, and the reasons for this. They confirmed previous findings that families who do not participate in ECEC typically have lower incomes, are more likely to be unemployed or not in the labour force, be receiving income support, and have lower levels of education than those who do participate. They also confirm the strong link between ECEC use and mother's employment. Many families who do not use formal ECEC tend to have a parent at home to care for children or an available friend or relative (most commonly a grandmother). Families also reported not using ECEC because they wanted to develop stronger bonds with their children. Non-users are also more likely to have traditional views about parental roles and women's labour force participation, have younger children, or to have a child with a major health issue. Some non-users reported barriers that prevent them from using ECEC, with the cost of ECEC being the most frequently reported barrier. Concerns around flexibility, accessibility and the quality of ECEC appear to be less significant barriers for non-users compared to cost. The authors note findings from qualitative studies have indicated that these factors are generally not absolute barriers on their own, but they can 'tip the balance' for families not using ECEC when combined with other factors.

The impact of price on demand for ECE

Overall, most studies found positive effects of a reduction in price on the hours of ECE consumed, but small to negligible effects on new enrolments. Low-income families or sole parent families were more responsive to reductions in price.

A number of study's investigate the impact of price on the enrolment and consumption of ECE, both international (Berlinkski, Ferreyra, Flabbi, and Martin, 2020) (Humphries, Neilson, Ye, and Zimmerman, 2024), and domestic (Knox, 2012), (Mitchell, 2008), (Froese, N, 2008). Overall, most studies found positive effects of a reduction in price on the hours of ECE consumed (Humphries, Neilson, Ye, & Zimmerman, 2024), (Knox, 2012), (Mitchell, 2008). The strongest effects were found where ECE is universally free for a full day (Humphries, Neilson, Ye, & Zimmerman, 2024). However, the findings vary regarding overall enrolment. While some studies show negligible to no impact on overall enrolments (Humphries, Neilson, Ye, & Zimmerman, 2024). Froese, N, (2008), who conducted a survey following the implementation of 20 Hours Free ECE in 2007 found that nearly half of services said that they believed their enrolment (total hours for all children) had increased since the introduction of Free ECE. For those services whose enrolment stayed the same rather than increasing, this was often because the service was already full.[18]

A 2020 paper on Child Care Markets, Parental Labor Supply, and Child Development* (Berlinkski, Ferreyra, Flabbi, and Martin) found that a combination of quality regulation and vouchers for working families leads to the greatest gains in average child development and to a large expansion in childcare use and female labour supply, all at a relatively low fiscal cost. "Since the voucher is conditional on both parents working, the policy also increases mothers' labor force participation and slightly reduces the wage gender gap".

Humphries, Neilson, Ye, and Zimmerman (2024) look at weather universal pre-kindergarten (UPK) in New Haven, Connecticut increased enrolments and consumption of childcare. During children's pre-kindergarten years, UPK enrolment increased weekly childcare coverage by 11 hours. The New Haven Public Schools (NHPS) UPK programs studied, for three- and four-year-olds, offered a ten-hour day for most of the period studied, supplementing a 6.5-hour academic day with before-and after-care (Boston Public Schools, 2024). Humphries, Neilson, Ye, and Zimmerman (2024) found that while UPK did not raise overall childcare enrolment, they did find large effects on hours of childcare used. Children enrolling in UPK attended an average of 11.3 more hours of childcare coverage per week, following the increased coverage of 11 hours per week.

Gordon, Herbst, and Tekin (2021) investigate the factors that influence parents' childcare decisions: affordability (i.e., the hourly price of childcare), quality (i.e., caregiver education and experience), and convenience (i.e., caregiver car ownership and availability). Their findings are consistent with the hypothesis that low-quality ECE in the U.S. childcare market may be explained by lack of affordability or the informational resources to identify high-quality care, rather than an undervaluation of such care by parents.

Decreases in the cost of childcare (for example through provision of subsidies) consistently have a greater impact on childcare use than on maternal employment, even when the subsidies include a requirement that the parent be employed (Knox, 2012).

[18] For context, in New Zealand in 2024, around 96.4 percent of children had regularly attended ECE in the six months prior to starting school.

Mitchell (2008) in their 2007 New Zealand Council for Educational Research (NZCER) national survey of teachers, managers, parents, and committee members in licensed ECE services found that 15 percent of parents in services offering 20 Hours Free ECE increased the hours their child attended, and 19 percent said they had more time for family responsibilities.

In August 2007 the Ministry of Education (MoE) commissioned a study from Martin Jenkins (Froese, N, 2008) on the early effects of 20 Hours Free ECE on participating services' practices, policies, costs and revenue – 60 ECE services took part. Each service was visited by researchers in October-November 2007 and completed a follow-up survey in March 2008. The sample comprised 41 education and care services, 11 kindergartens, and eight home-based services. It found that by March 2008 there were positive shifts in participation patterns. Nearly half of services saying that they believed their enrolment (total hours for all children) had increased since the introduction of 20 Hours Free ECE, particularly more three- and four-year-old children attending, and for longer days or more days per week. For those services whose enrolment stayed the same rather than increasing, this was often because the service was already full.

The Productivity Commission Australia (2024) adopted a behavioural microsimulation modelling approach to evaluate the effects of changes to ECEC subsidies on labour supply, ECEC demand and fiscal costs. They estimate that the three policy changes that will have the largest positive impact on driving demand for ECE (hours) are all universal subsidies that cover the bulk of all ECE costs. These include **option 6a** followed by **option 6** – both include a flat fee of $10 per day in ECE expense for all families, while 6a extends this flat fee to a 100% subsidy for low-income families. **Option 5** is a universal 90% subsidy.

Figure 3 Percentage change in ECEC demand hours -95% confidence intervals

Table G.25 – Percentage change in ECEC demand hours – 95% confidence intervals

Modelled estimates, 2023-24

Options	Lower 95% bound	Point estimate	Upper 95% bound
1: Abolish the activity test and increase the subsidy rate to 100% for low-income families	9.4%	9.5%	10.3%
2: Increase the subsidy rate to 100% for low-income families	4.8%	4.9%	5.2%
3: Abolish the activity test for all families and retain income testing	3.6%	3.8%	4.2%
4: Relax the activity test and increase the subsidy rate to 100% for low-income families	7.4%	7.5%	8.0%
4a: Relax the activity test for all families and retain income testing	2.2%	2.4%	2.5%
5: 90% subsidy rate for all families with activity test	9.3%	9.5%	10.0%
6: Flat fee ECEC expense per day of $10 for all families and remove activity test	14.0%	14.2%	14.9%
6a: Flat fee ECEC expense per day of $10 for all families, 100% subsidy rate for low-income families and remove activity test	17.0%	17.2%	18.2%

Source: Productivity Commission estimates using CAPITA-B with ECEC.

The Productivity Commission Australia (2024) also produced estimates of the elasticity of wages to hours of ECE demand for partnered and single parents of children aged 0-12. They found that sole parents demand for ECE is 1.9 times more responsive to an increase in gross wages than partnered parents.

Figure 4 ECEC demand hours elasticity with respect to gross wages

Table G.12 – ECEC demand hours elasticity with respect to gross wages

Author(s)	Children's age	Family type	Effect of 1% increase in gross wages on ECEC demand hours
PC (2024)	0–12	Partnered	0.19%
PC (2024)	0–12	Sole	0.36%
PC (2024)	0–12	Both	0.23%
Apps et al. (2016)	0–4[a]	Partnered	0.70%
Gong and Breunig (2017)	0–5	Partnered	0.27%
Mumford et al. (2020)	0–5	Partnered	1.13%

a. Apps et al. (2016) focused on coupled families with preschool aged children and does not clearly specify the age range of these preschool aged children. It may be that Apps et al. (2016) captured partnered families with children aged 0-5. To be conservative, children aged 0–4 were included in this table.

Source: Productivity Commission estimates; Apps et al. (2016); Gong and Breunig (2017); Mumford et al. (2020).

Impact of price on parent's labour market choices

The studies reviewed examine the relationship between price of childcare on a range of labour market characteristics, including the number of hours worked (Dhuey, Lamontagne, & Zhang, 2019), (Humphries, Neilson, Ye, and Zimmerman, 2024), (Apps et al, 2016) income and earnings (Gonalons-Pons and Marinescu, 2024), (Humphries, Neilson, Ye, and Zimmerman, 2024), (Bouchard, Cheung, and Pacheco, 2020), maternal labour market participation (Bouchard, Cheung, and Pacheco, 2020), (Allègre, Simonnet, & Sofer, 2015), (Berlinski, Ferreyra, Flabbi, and Martin, 2020), (Lefebvre and Merrigan, 2008), (Zangger, Widmer, and Gilgen, 2021) and employment rates (Dhuey, Eid, & Neill, 2020), (Brewer, Cattan, Crawford, and Rabe 2022).

Studies estimating the *elasticity of price increases on* employment generally found elasticities in the range of -0.05 to -0.35. That means that for every one percent **increase** in the cost of childcare, maternal employment rates drop by 0.05 to 0.35 percent (Knox, 2012), (Gong and Breunig, 2012), (Anderson & Levine, 1999). On the flipside, estimates on the elasticity of price **decreases** indicate that a 10% reduction in the price of childcare would lead to a 0.25–11% increase in maternal employment (likely near 0.5–2.5%) (Morrissey, 2017).

Gong and Breunig, (2012), Breunig et al (2012), and Mumford et al (2020), found that on average a one percent increase in the net price of childcare in Australia leads to a decrease in hours of labour provided by partnered women of between 0.10 and 0.65 percent[19].

Labour market participation and employment rates

A 2015 paper on Child Care and Labour Market Participation in France asked the question 'Do monetary incentives matter?'. The research used French data for mothers with children aged under three to estimate simultaneously mothers' labour force participation and type of childcare chosen.

[19] Breunig et al (2012) drew on Australian microdata HILDA over the period 2005 to 2007 and included the cost of childcare for children aged 0 to 12.4 According to the Australian Productivity Commission, applying these estimates (elasticity of -0.65) to evaluate more recent policies could be misleading, as the elasticity estimates provided are specific to the policy settings at the time the data was collected.

The study found that childcare costs have a direct effect on mothers' labour market participation but not on the type of childcare chosen (Allègre, Simonnet, & Sofer, 2015).

Berlinski, Ferreyra, Flabbi, and Martin (2020) found that quality regulation alongside vouchers for working families leads to an increase in female labour supply. Lefebvre and Merrigan (2008) exploit a natural experiment in Canada to evaluate the effect of childcare subsidies on the labour-market participation of mothers with young children. In 1997, Quebec implemented a policy that provided day-care subsidies of $5.00 per child per day for licensed child-care service for children aged under 4. When comparing Quebec to other Canadian provinces, they found that the policy had a large and statistically significant impact on the labour supply of mothers with preschool children. A 2011 study in Germany, found that government expenditure that increased the supply of childcare/spaces for children had greater effects on maternal employment than a reduction of parents' fees (Wrohlich, 2011).

Brewer, Cattan, Crawford, and Rabe (2022) compare the effects of offering free part-time childcare and of expanding this offer to the whole school day in England. The study found that free part-time childcare only marginally affects the labour force participation of mothers whose youngest child is eligible, but expanding from part-time to full-time free childcare leads to significant increases in labour force participation and employment of these mothers. These effects emerge immediately and grow over the months following entitlement. The increase from free part-time to free full-time childcare in this study is equivalent to 3.5 hours per day (17.5 hours per week). Specifically, by the end of the first year, mothers whose youngest child was eligible for free full-time care were 5.7 percentage points more likely to be in the labour force and 3.5 percentage points more likely to be in work than mothers whose youngest child was eligible for free part- time care. The study also finds that providing 2.5 or 3 hours a day of free childcare was too weak an incentive to encourage many new mothers to join the labour force. They surmise that one of the factors at play is that the offer of free childcare may not start early enough following their child's birth to prevent mothers from leaving their jobs and detaching from the labour force.

There are several New Zealand based studies that speak to the broader evidence around the relationship between access to childcare and employment. Knox (2012) in a paper published by the Ministry of Women's Affairs stated that "the labour participation response of mothers to changes in ECE costs' made the claim that there is a consensus that labour force participation among mothers of pre-school children is sensitive to childcare costs, with elasticities usually in the range of -0.1 to -0.8. That is, for every 1 percent increase in the cost of childcare, maternal employment rates drop by 0.1 to 0.8 percent". Knox (2012) also notes that decreases in the cost of childcare (for example through provision of subsidies) consistently have a greater impact on childcare use than on maternal employment, even when the subsidies include a requirement that the parent be employed. These findings are in line with Gong and Breunig (2012) who examine the relationship between childcare price and women's labour supply in Australia. They found that on average a one percent increase in the net price of childcare lead to a decrease in the employment rate of 0.06 per cent. Furthermore, they find that labour supply responses are larger for women with lower wages, less education, and lower income.

Bouchard, Cheung, and Pacheco (2020) evaluating the impact of 20 hours free ECE on women's labour market participation by Auckland University of Technology followed mothers' monthly wages from pre-pregnancy to six years post-childbirth and compared their wages against non-eligible mothers, and against comparable women who are not mothers. The study found that for mothers with one child, there is some evidence of a drop in labour market participation and earnings before the child becomes eligible for free ECE at age three. They also found that for mothers with two eligible children, there is an increase in labour force participation when the child is eligible for the policy benefit.

Mitchell (2008) in their 2007 NZCER national survey of teachers, managers, parents, and committee members in licensed ECE services[20] found that following the introduction of 20 Hours Free ECE, a small percentage of parents increased their hours of paid employment (6 percent), started paid work (1 percent), or enrolled in study (4 percent).

Breunig et al (2012) finds that the **elasticity** of employment with respect to gross childcare prices (i.e., before subsidies) is −0.29. A previous study from the Netherlands found the elasticity of labour market participation and childcare costs were not significantly different from zero (Wetzels, 2005).

Anderson and Levine (1999), reviewing government child-care programs targeted at less-skilled women and found that least-skilled women both uses less costly paid care and are more likely to use unpaid care. Their study finds that the overall elasticity of labour force participation with respect to the market price (for women with children under 13) of childcare is between -0.05 and -0.35, this elasticity is larger for the least skilled women and declines with skill. This relationship holds not only for all women with children under 13, but also within subgroups defined by marital status, age of youngest child and family poverty status.

Loshkin & Fong (2006), estimated the effects of the price of childcare, mothers' wages, and household characteristics on household behaviour with respect to childcare and maternal employment in Roma. They found that the **elasticity** of labour market participation with respect to gross childcare prices labour was -0.46.

The number of hours worked

The Australian Productivity Commission's (2024) findings showed that the policy option with the largest positive impact on labour supply (hours) was option 5 – a 90% subsidy rate for all families with activity test[21]. While three of the options are estimated to have a negative impact on labour supply – two of these options include abolishing the activity test and the third includes relaxing the activity test.

[20] The 2007 NZCER survey was undertaken in October/November 2007, around 3-4 months following the implementation of Free ECE for three- and four-year-olds. Around 318 ECE services responded. Response rates were 45 percent parents, 43 percent teachers, 39 percent committee members, and 37 percent management.

[21] The activity test determines the number of hours of subsidised care a family is eligible for per child given the parent's or guardian's activity type and level. Hours of different activity types can be combined to produce an overall activity level (Services Australia 2022a). Recognised activity types include paid and unpaid employment related activities, parental leave, education and training and volunteering (page 64) Volume 3: Appendices - A path to universal early childhood education and care

Figure 5 Percentage change in labour supply hours – 95% confidence intervals

Table G.24 – Percentage change in labour supply hours – 95% confidence intervals[a]

Modelled estimates, 2023-24

Options	Lower 95% bound	Point estimate	Upper 95% bound
1: Abolish the activity test and increase the subsidy rate to 100% for low-income families	-0.2%	-0.2%	-0.1%
2: Increase the subsidy rate to 100% for low-income families	0.9%	0.9%	1.0%
3: Abolish the activity test for all families and retain income testing	-0.9%	-0.9%	-0.8%
4: Relax the activity test and increase the subsidy rate to 100% for low-income families	0.0%	0.0%	0.1%
4a: Relax the activity test for all families and retain income testing	-0.7%	-0.7%	-0.7%
5: 90% subsidy rate for all families with activity test	1.4%	1.4%	1.6%
6: Flat fee ECEC expense per day of $10 for all families and remove activity test	0.9%	0.9%	1.0%
6a: Flat fee ECEC expense per day of $10 for all families, 100% subsidy rate for low-income families and remove activity test	1.1%	1.1%	1.3%

a. Some confidence interval estimates appear to be the same as the point estimates. This is a result of rounding.

Source: Productivity Commission estimates using CAPITA-B with ECEC.

The Australian Productivity Commission's (2024) also estimated the elasticity of wages to labour supply for partnered and single parents of children aged 0-12. They found that the hours worked by sole parents is 2.5 times more responsive to gross wage increases than partnered parents.

Figure 6 Labour supply hours elasticity with respect to gross wages

Table G.11 – Labour supply hours elasticity with respect to gross wages

Author(s)	Children's age	Family type	Effect of 1% increase in gross wages on labour supply hours
PC (2024)	0–12	Partnered	0.25%
PC (2024)	0–12	Sole	0.62%
PC (2024)	0–12	Both	0.31%
Apps et al. (2016)	0–4[a]	Partnered	1.02%
Gong and Breunig (2017)	0–5	Partnered	0.42%
Mumford et al. (2020)	0–5	Partnered	1.72%

a. Apps et al. (2016) focused on coupled families with preschool aged children and does not clearly specify the age range of these preschool aged children. It may be that Apps et al. (2016) captured partnered families with children aged 0-5. To be conservative, 0-4 was put in this table.

Source: Productivity Commission estimates; Apps et al. (2016); Gong and Breunig (2017); Mumford et al. (2020).

Gong and Breunig (2012) examine the relationship between childcare price and women's labour supply in Australia. They find that on average a one percent increase in the net price of childcare leads to a decrease in hours of labour provided by partnered women of 0.10 percent. Breunig et al (2012) finds that the **elasticity** of hours worked with respect to gross childcare prices (i.e., before subsidies)

is −0.65. Breunig et al (2012) drew on Australian microdata HILDA over the period 2005 to 2007 and included the cost of childcare for children aged 0 to 12.4.

Apps et al (2016) found that a ten percent increase in childcare costs lead to a 0.25 per cent reduction in the Australian mother's working hours. Mumford et al (2020) incorporate both parent's labour supply decisions and estimate that a 1 per cent increase in childcare costs results in a greater reduction in the working hours of mothers (–0.15) in comparison to fathers (–0.08).

Zangger, Widmer, and Gilgen (2021) used data from a factorial survey conducted in the City of Bern, Switzerland, to show that subsidies have the expected effect of increasing parents' labour supply. They found that subsidies are especially efficient in increasing the labour supply of low-income parents, and especially for women. They found that subsidies covering 25% of the total costs for childcare lead to an approximately 2 hour per week increase in the labour supply of women. Beyond that 25% threshold, their study found, the marginal utility of higher subsidy levels decreases. The finding from the study conducted in Switzerland *(Zangger, Widmer, & Gilgen, 2021) are consistent with the findings from a* Dhuey et al., 2019 study that exploited a 2010 reform lengthening the kindergarten school day in Ontario Canada from about 2.5 hours to about 6.6 hours per day (affecting children aged 4–5). Dhuey et al., 2019 found no impact on employment rates of parents, but did find an increase in the weekly average hours worked by just under 2.5 hours.

Dhuey et al., 2019 and Dhuey et al. (2020) exploit reforms that lengthened the kindergarten school day (affecting children aged 4–5) in Ontario's public-funded schools in the late 1990s in French-speaking schools, and then from 2010 in English-speaking schools from about 2.5 to about 6.6 hours per day. Dhuey et al. (2020) find the late 1990s change led to a large rise in employment amongst French-speaking single mothers, and (Dhuey et al., 2019) found that the more recent reform had no impact on employment but did increase weekly average hours worked by just under 2.5 hours.

Income and earnings

Gonalons-Pons and Marinescu (2024) found that in the United States**,** childcare prices increase post-birth earnings losses for mothers without college degrees, but not for mothers with college degrees, and these losses are not compensated for by increases in partners' earnings or by income transfers. As a result, childcare costs exacerbate family income gaps between partnered women with college degree**s** and partnered women without college degrees by 34 percentage points.

Humphries, Neilson, Ye, and Zimmerman (2024) examine whether universal pre-kindergarten (UPK) raises parents' earnings and how much these earnings effects matter for evaluating the economic returns to UPK programs. During children's pre-kindergarten years, in New Haven, Connecticut, UPK enrolment increases weekly childcare coverage by 11 hours. They estimate that the effect of this is that parents work more hours, and their earnings increase by 21.7% (SE=6.6%), or $5,461 per year, and persist for at least six years after the end of pre-kindergarten. They find that excluding impacts on children, each dollar of net government expenditure yields $5.51 in after-tax benefits for families, almost entirely from parents' earnings gains. They conclude that the economic returns to investing in UPK are high, largely because of full-day UPK's effectiveness as an active labour market policy. Using survey data, the study found that UPK enrolment causes parents to work 12.8 (SE=4.3) more hours per week in the year following application. They did not find a significant impact on labour supply. Instead, the increase in earnings is due to an increase in the hours worked by those already in the labour market. Survey respondents often described how UPK helped them maintain their career paths, keep normal work hours, or work more effectively.

A 2023 Motu Economics study by Benison and Sin used the Growing Up in New Zealand longitudinal survey data on the work status of mothers and their stated reasons for not working to estimate the cost of a lack of access to affordable childcare on individual mothers and the New Zealand

economy. Motu found mothers with children under three years old may be foregoing total wages of $116 million per year purely because of childcare access issues. $32 million of which is attributable to Māori mothers, and $11 million of which is attributable to Pasifika mothers (Benison & Sin, 2023). This amounts to an annual average of $660 of wages foregone per mother with a child under 3 years old, $830 per Māori mother, and $540 per Pasifika mother (Sin, 2022). Motu found that many mothers with young children are prevented from working by childcare access issues. However, just over a fifth of mothers whose children are not in childcare due to access issues do work (most likely because they use informal care or organise care between parents). Additionally, some mothers whose children are in childcare still report they are unable to work due to childcare issues. This is in part because childcare providers do not cater well to the nearly 50 percent of working mothers of young children who work irregular hours (Sin, 2022).

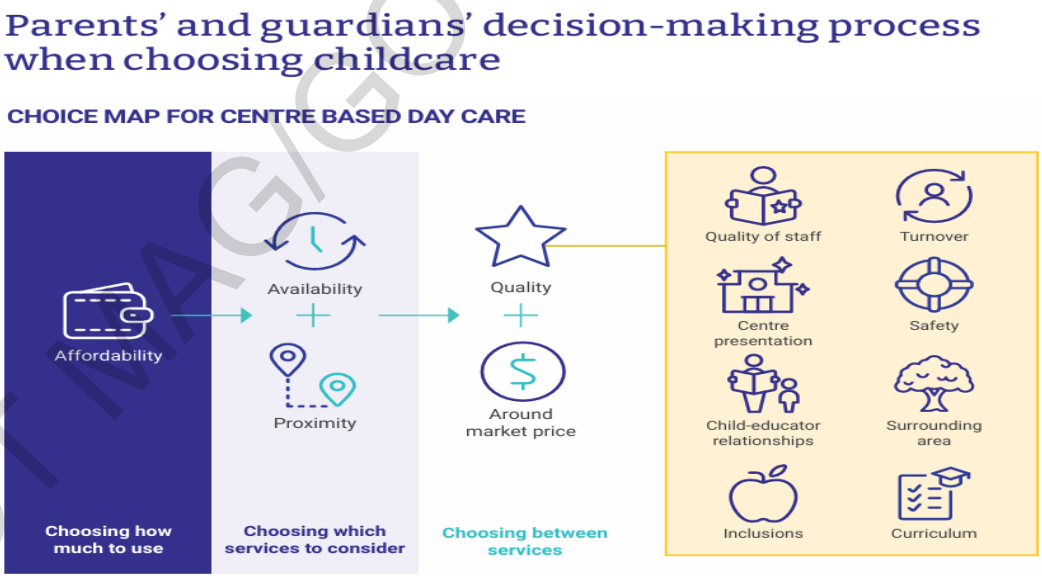
The interaction of price and non-price factors on ECE demand

This section presents evidence about the role of factors other than price in determining access to ECE, and the decisions that families make about ECE participation. This is important because changes to price may not be the only lever that the government can use to support ECE participation. Understanding the range and relative influence of different factors and barriers to participation can help inform policies that support the government's policy objectives for ECE.

An overall message from the literature is that family decisions about enrolling their children in ECE, how much ECE to use, and the choice of specific service involve complex and multi-faceted decisions based on individual family resources, preferences, and other circumstances. Despite this complexity, there have been some useful attempts to understand and describe the process by which families make ECE decisions, and to present these as conceptual frameworks. Several of these are summarised below.

The recent ACCC Childcare Inquiry report (2023) drew on extensive engagement with stakeholders to develop the following framework to illustrate the key elements or stages of family's decision-making process when choosing childcare:

Figure 7 Parents' and guardians' decision-making process when choosing childcare



The ACCC caveats this framework by noting that it represents a generalised view the decision-making process that may not reflect the reality for particular households. Some households may face a

completely different decision-making process, or have a single over-riding need or preference that determines the choice of care and willingness to travel or pay higher costs (e,g. evening or weekend care, or particular cultural, linguistic, religious or developmental needs).

Nevertheless, the key points this diagram serves to highlight are:

- **Price** is the key factor in parents and guardians deciding whether, and how much, formal childcare they will use.
- Once a decision about affordability is made, parents and guardians consider services located close to their home. **Location** is a key consideration for parents and guardians, who mostly consider services located within close proximity to their home.
- After location, **availability** was the next most important consideration.
- Once parents and guardians have identified the services located close by, and which are available or likely to be available, **quality** appears to become the next factor that parents and guardians consider when comparing and choosing a service. However, comparing services on factors such as quality is only a valuable exercise for parents and guardians if those services are viable options; accordingly, if demand exceeds supply in an area and vacancies are hard to come by, parents' and guardians' decision-making process may be influenced by little more than what is available.

The ACCC expands on these points to note some other important findings regarding price, quality and other factors influencing family decisions about ECE use.

- **Price:** While price is a key factor, the ACCC noted that childcare users are generally less sensitive to small variations in price compared to many other markets. Parents and guardians generally look for a service priced around the prevailing market price, and which delivers value for money taking into account quality. As a result, there is little variance of prices *within* local markets, although prices can have high variance *between* markets. The ACCC notes that respondents in the areas of highest socio-economic disadvantage were most likely to switch services because of fee increases.
- **Availability:** In regional and remote areas, parents' and guardians' decisions about childcare are more likely to be primarily influenced by availability, with other factors playing a minor role. ACCC's survey of culturally and linguistically diverse parents found that almost 40% of them required childcare outside of regular hours (6.30am–6.30pm), compared to 22% of English-language respondents.
- **Quality:** Parents care about quality of a service and make this a key decision-point when considering childcare options. Quality is the most common factor in parent's decision to change providers. Parents consider a wide range of quality indicators, but the quality of educators and educator-child relationships is particularly important. There appears to be poor awareness or use of formal quality data and ratings (e.g. the National Quality Standards ratings) when choosing a service. Rather, in-person visits, word of mouth recommendations, and online reviews play an important role when selecting a service. 39% of culturally and linguistically diverse parents identified cultural inclusivity and responsiveness as an important factor when choosing childcare.

A recent UK study (Chen and Bradbury, 2020) used data from interviews with mainly middle-class parents to explore how parents go about choosing childcare settings for their pre-school children.

Similar to the process outlined by the ACCC above, the authors concluded that parental choices involve a series of decisions in two or three phases, starting from practical considerations, followed by quality comparison and then back to practical constraints (if decision has not been made):

- **Phase one:** dealing with practical constraints - age range, opening hours, location, cost, availability
- **Phase two:** quality comparison ('feeling'; formal quality reports, staff and qualifications)
- **Phase three:** return to practical consideration if facing a choice of providers (availability, location, convenience, cost etc)

Other studies also highlight the complex decision-making process parents make when arranging childcare. Sandstrom and Chaudry (2012) note that this complexity is intensified for families with limited financial and social resources. They undertook a three-year qualitative study of the childcare choices of low-income working families in the USA, many of whom were immigrants, had limited English proficiency, and/or had children with special needs. They explored families' current care arrangements, their reasons for selecting a particular form of childcare, and the characteristics of their ideal arrangements. Parents who used childcare services reported selecting care according to practical considerations such as cost, location, and availability of the provider. These parents frequently described challenges with locating affordable, high-quality care that met non-standard work schedules. Notably, about a third of families said they preferred (and selected) relatives as caregivers rather than formal childcare.

More recently, Sandstrom and other colleagues (Sandstrom, Kuhns, Prendergast, Mills and Wagner, 2024) presented findings from a review of the literature of how parents search for and select childcare and early education (CCEE). Consistent with other studies and systematic reviews, they found:

- **Complexity of decision-making:** Parents consider multiple factors when searching for and selecting CCEE. Factors such as family circumstances and beliefs, personal and community characteristics, and local CCEE supply, relate to whether parents use any form of CCEE and different types of CCEE.

- **Cost is often a limiting or deciding factor:** some parents limit the options they consider to ones they can afford, or they ultimately select CCEE based on cost or whether they think the cost is worth it.

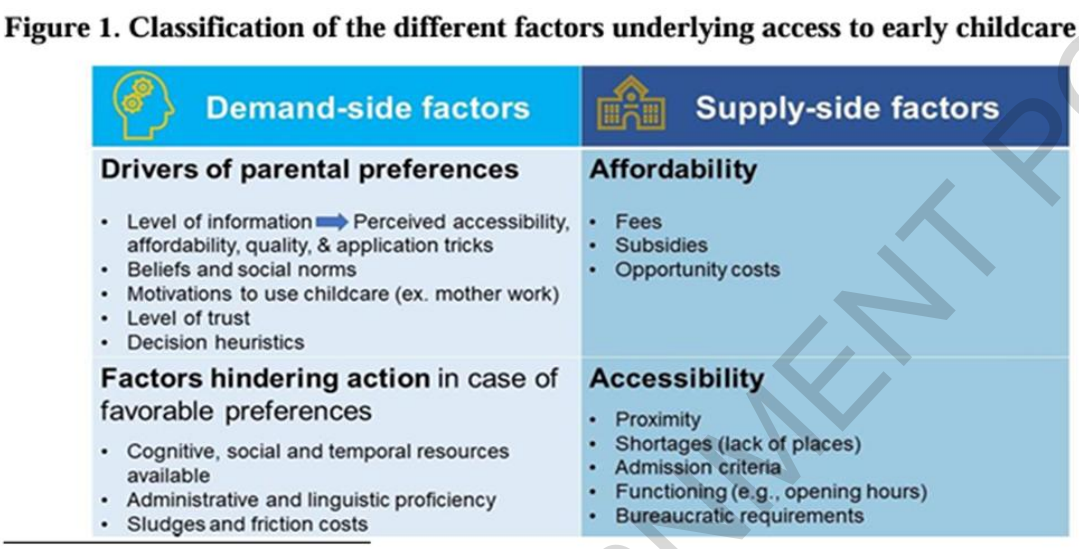
- **Practical considerations are weighed up alongside quality**. Safety and quality are among top priorities, but they also weigh practical considerations, such as location and hours. Issues include trouble finding providers they can afford that meet their expectations for quality and availability during the hours they need.

- **A reliance on informal information sources:** Parents often rely on their relatives, friends, close personal contacts, and other trusted sources for information on CCEE options. Parents also frequently search the internet to find information about CCEE. They less often report using formal sources of information, such as government agencies.

- **Additional barriers to access for some families:** Searching for and selecting CCEE can be challenging at times for all families, but some families face additional challenges. This can be because of limited CCEE supply and other systemic barriers. Families facing greater challenges include those with infants, parents working non-traditional hours, families who live in low-income or rural areas, and those where the parents are immigrants unfamiliar with the CCEE system. The complexity of public CCEE programs requiring proof of eligibility can also be a barrier.

Carbuccia, Thouzeau, Barone and Chevallier (2022) present a PRISMA mixed-methods systematic review of the empirical literature to explore the role of demand-side factors alongside supply-side factors in contributing to unequal access to early childcare. The authors use the following framework to classify the different demand and supply-side factors that may contribute to the different patterns of early childcare use. The framework distinguishes between (i) factors that drive parental preferences in the context of childcare decision-making, and (ii) those that hinder demand and access to early childcare even in the case of favourable preferences. An important caveat they acknowledge is that perceived quality is not included in this classification.

Figure 8 Classification of the different factors underlying access to early childcare



Carbuccia et al's (2022) systematic literature review highlights particular demand-side factors that influence ECE take-up amongst low socio-economic households are:

- **Informational dimensions:** Underprivileged families often have less information about the cost of, availability of, procedure for, and application support for early childcare, which affects their decisions, application journey and probability of accessing their preferred childcare option. Informal social networks are the primary source of information about early childcare among underprivileged populations, and they're less likely to access expert sources. Information scarcity is likely to generate mismatches between parents' perception of the available supply of childcare options (and its characteristics) and reality.

- **Psychology of scarcity and non-take-up dynamics:** There are several factors at play here. (i) families living in difficult environments face significant stress, which can be the source of a cognitive overload and reduced attentional bandwidth. This may lead these families to rely more heavily on decision heuristics to choose among various childcare options - one such heuristic is to follow the social norm, which is often to favour informal or parental care; (ii) time discounting is stronger among underprivileged populations, which may emphasize the present bias. Early childcare is susceptible to this bias because it is more expensive than parental or informal care and its benefits; (iii) complexity of application processes and the resulting cognitive and administrative burden generates friction costs (called 'sludges') that are particularly harmful for underprivileged families.

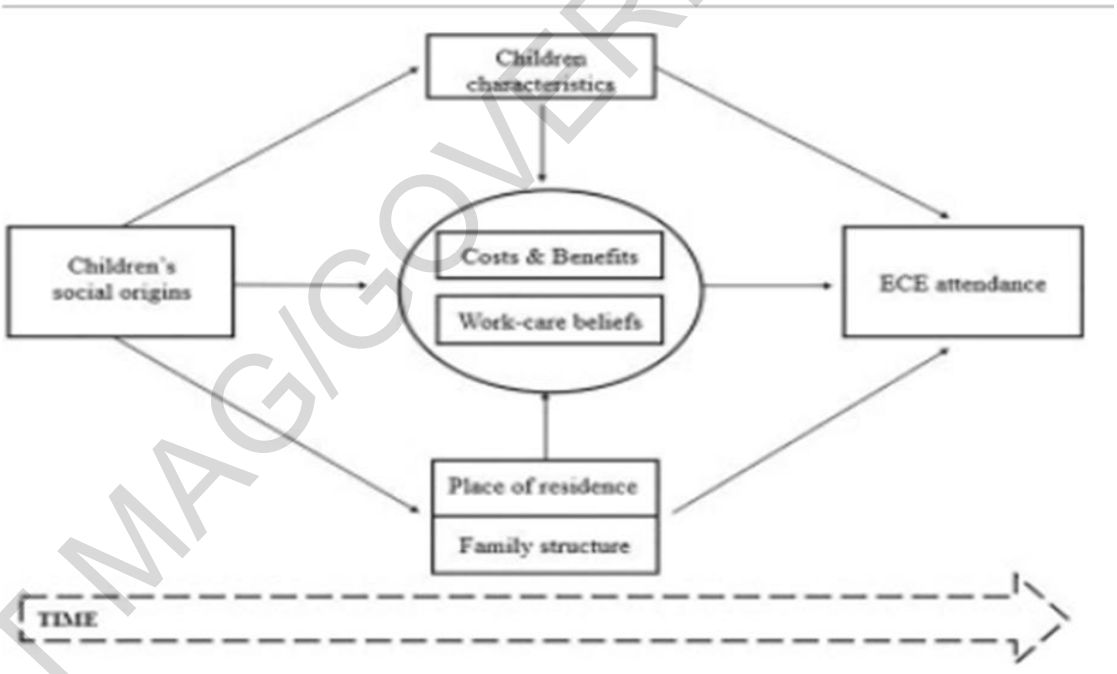
Burns et al (2025) also identify that information asymmetries tend to be more pronounced among lower social economic status parents who are more constrained in their time or ability to search for information about ECE and childcare (ECEC) options. They undertook research to test whether

providing parents with information about the regulatory stringency of available ECEC services influenced ECEC choices. 682 parents were randomly assigned into either a control group or a treatment group that informed them about the stringency of oversight regarding ECEC options available in the province of Ontario, Canada. They found that while this information did not meaningfully change the choices of the entire sample, there was an important information effect on parent decisions for lower income / lower-education parents. Specifically, this information helped parents select types of ECEC with higher regulatory oversight (i.e. licensed rather than unlicensed services). The authors suggest that alleviating information barriers may be a helpful tool for supporting access to quality ECE by children of lower income / education parents. They note, however, that the limited and modest effect sizes also highlight that there are additional barriers and considerations that occur when parents select ECEC for their children, including practical / logistical barriers.

Similarly, Wiederhold et al (2021) note that disadvantaged families have difficulties navigating the complex childcare application process. They report on a field experiment through which families were provided with information and personal assistance for applications, finding that this intervention substantially reduced the socioeconomic gap in early childcare enrolment.

Pietropoli and Triventi (2023) reference the 'Pungello and Kurtz-Costes (PKC) theoretical model' of factors underpinning childcare selection and use data from the German National Educational Panel study to test the strength of each of these factors in influencing access to ECE across children's developmental stages. They emphasise that parental decisions about ECE participation should be considered as the result of rational reasoning that occurs within a particular social structure. The authors conceptual model of childcare selection (adapted from the PKC model) is shown in diagram below:

Figure 9 Parental decisions about ECE participation



Source: Pietropoli and Triventi (2023)

According to this framework, search and selection of care are affected by four main groups of factors:

- **parents' socio-economic resources** (e.g. household income, social class);
- **family structure** (e.g. employment status, number of children, grandparents' availability);

- **place of residence** (which influences specific childcare availability, affordability, and quality); and
- **child characteristics** (e.g. temperament and early cognitive skills).

These four factors are mediated by parents' work-care beliefs and considerations regarding the costs and benefits associated with childcare arrangements, both of which are strongly influenced by cultural factors and societal norms (e.g. views about the consequences of formal care on child development, socially accepted child-rearing practices, and work attitudes).

In testing the influence of these various factors in the German context (where children attend Kinderkrippe at younger ages and Kindergarten at older pre-school ages), Pietropoli and Triventi (2023) found:

- Tertiary-educated parents are 14 percentage points (p.p.) more likely to enrol their children in ECE when they are one year old. This advantage doubles one year later (29p.p.), reducing to 14p.p. at the time of Kindergarten entry.

- Family income was only partially relevant: one standard deviation difference in the income variable was associated with a 2p.p. difference in the probability of attending Kinderkrippe at one year old. For families at the extremes of the income distribution, the difference amounted to around 5.6p.p.

- Cost perception does not affect the probability of enrolling children in Kinderkrippe, which the authors attribute to the relatively modest childcare expenses in Germany.

- Compared to non-working mothers, being a working mother increased the probability of enrolling children in childcare at one year old by 6p.p. This (conditional) difference doubled when children are two years old (12p.p.) but reduces at Kindergarten entry (6p.p.).

- Mothers who believe that ECE is helpful for children's cognitive development were more likely to enrol their children in formal childcare at all ages. Although the most significant difference is found at two years old (23p.p.), the gap is already considerable at one year old.

- In terms of family structure, being a single mother is associated with a 5p.p. higher probability of ECE participation at age one. The gap increases to 8p.p. at age two and vanishes afterwards. Other factors were only moderately associated with ECE participation: the higher the number of siblings in the household, the lower the chances (3p.p.) that a child will be enrolled in Kinderkrippe, but only at two years old. Mothers who lack grandparental support were slightly more likely than their counterparts to enrol their one-year-old children in Kinderkrippe (5p.p.).

- Analysis of place of residence was limited to identifying differences between eastern and western parts of Germany, most likely reflecting differences across German areas in the supply of childcare services, women's participation in the labour market and attitudes towards childcare.

- Child characteristics (e.g. temperament, being German born) appeared to have no or very modest effects on probability of ECE participation.

Part 3: Data Analysis

What do households pay for ECE and what does it mean for ECE affordability

Note: some detailed analysis of the Ipsos MoE Parents Survey data produces low counts. This reduces the reliability of the data to be generalised across the national population. For this reason, household counts have been included for all tables. Please interpret results with caution and consider as indicative only.

Hourly and weekly price is a factor of service type, suburb (CBD and socio-economic status of the areas), quality, choice, household income (as it relates to both ability to pay but also subsidies entitled to), and consumption (as it relates to daily charges where a family may use a small amount of hours per day, but still be charged a daily charge or minimum charge).

The findings discussed in this paper suggest that potentially around half of parents/caregivers use the amount of ECE they can afford although their need is higher, and would use more ECE if the cost were lower (see Table 39, Table 40, Table 41, Table 42).

The median weekly cost of ECE varies by provider type and age of child. Table 1 summarises the reported cost of ECE across the three key sources. The weekly provider charge rate represents the cost that parents are invoiced by the provider, while the out-of-pocket costs is what the household pays after having received either the CCS or the FamilyBoost rebate. The parent survey provides only an out-of-pocket cost – responses were to the question "Thinking now about how much you spend on ECE for all of your children, approximately how much each week in total, do you spend?".

Table 1 shows that the average amount that households (any household type) are invoiced each week by providers is broadly consistent across the three key sources. CCS and FamilyBoost data both present an average weekly pre-subsidy cost of ECE as $141, while the parent survey shows a marginally higher average weekly cost of $152. CCS data and Parent Survey responses also estimate the same average weekly cost for children ages 3-5 of $128. These similarities across the different data sets shows that we can be cautiously confident that the finding from the Ipsos MoE Parents Survey are representative at a high level. Table 1 results are also an indication that the cost of ECE provided in the CCS administrative data is broadly indicative of costs for families more generally. As FamilyBoost is a rebate, applied quarterly, it is potentially unlikely that all parents in the survey are deducting this from their self-reported weekly cost.

Table 1 Comparison of average before-subsidy and after-subsidy weekly cost of ECE across MSD, IR, and the parents survey

	MSD, CCS (October 2025)		IR, FamilyBoost (Quarter ending September 2025)		Parents Survey (21 November–8 December 2025)	
	Weekly provider charged rate ($)	Out-of-pocket cost ($)	Weekly provider charged rate ($)	Out-of-pocket cost ($)	Out-of-pocket cost ($)	Parent Survey HH Count
Child Care Centre*	146	38	-	-	-	-
Day Care Centre*	110	23	-	-	-	-
Education & Care	-	-	202	153	166	369
Home-based	151	28	160	112	84	*34*
Institution*	150	41	-	-	-	-
Kindergarten	81	12	83	58	86	134
Playcentre	8	0	-	-	51	*59*
Te Kōhanga Reo	112	15	120	77	85	*21*
Aged 0-2	141	34	177	129	174	*269*
Aged 3-5	128	34	121	84	128	*321*
Total	***141***	***34***	***141***	***100***	152	*537*

*Source: MSD, IR, Ipsos MoE Parents Survey. * Childcare Centres fall under Education & Care, Day Care Centres are also home-based, and Institutions are OSCAR centres*

MSD n=19,800, IR n=49,681. Parent data provider counts do match the total as some children attend more than one provider, and some households have different children enrolled at different providers.

Table 2 presents data from the Ipso MoE Parents Survey to inform the ECE funding review. Table 2 provides the median cost of ECE in relation to the median number of hours that this cost is associated with. It shows that the median number of hours children attended Education and Care for was around 27 per week. Households with one child aged 0-2 paid around $180 per week for this service, while a child aged 3-5 and entitled to 20 Hours ECE paid around $30 less ($150 per week). Table 2 also shows that provider types other than Education and Care have much lower out-of-pocket cost to households.

Table 2 Median weekly cost and hours of ECE, by provider, and child age, (one-child household only)

		All ages	0-2 years	3-5 years	HH count
Median weekly cost ($)	Education & Care Service	150	180	150	264
	Kindergarten	86	100	20	79
	Playcentre	10	33	11	33
	Kohanga Reo	57	57	25	12
	All pre-school	**120**	**153**	**83**	**372**
Associated median hours attended	Education & Care Service	27	20	30	264
	Kindergarten	20	18	20	79
	Playcentre	6	5	12	33
	Kohanga Reo	22	20	20	12
	All pre-school	**26**	**20**	**30**	**372**

Source: Ipsos MoE Parents survey and MoE analysis *n=630*

Age bands exclude households with children in the alternative age band.

Note: Several Education and Care services have kindergarten in the name - so parents may not know that their children are enrolled in Education and Care.

Table 3 shows that the range of prices that households are paying varies greatly. According to the results of the Ipsos MoE Parents Survey, the hourly cost of ECE, (based on their recorded weekly cost

divided by their recorded weekly hours), varies from $0 an hour up to $42.50. These large, reported costs could include aspects such as daily fees where a parent uses a smaller number of hours and additional costs such as nappies and food. Across both age groups, 25% of households (lower quartile) are paying $1 or less. The upper quartile of households was paying $10 or above for one child age 0-2, and $6 or above for one child aged 3-5.

Note that Table 1 shows that the average amount that households (any household type) are invoiced each week by providers is consistent across the three key sources. CCS and FamilyBoost data both present an average weekly pre-subsidy cost of ECE as $141, while the parent survey shows a marginally higher average weekly cost of $152. The median hourly rate paid by households with one child aged 0-2 was $7.23 compared to $4.29 for one child aged 3-5.

Table 3 Hourly cost of Education & Care for all families with one child, by age band, across all hours used

	0-2 years	3-5 years
Range	$0-42.5	$0-37.5
Lower quartile (bottom 25%)	$1.00	$1.08
Median	$7.23	$4.29
Upper quartile (top 25%)	$10.00	$7.69
Average (one-child)	$8.33	$6.04
Average (two-children)	$4.73	$5.24
Count	103	157

Source: Ipsos MoE Parents survey and MoE analysis *n=260*

Table 4 shows both the average and median total weekly cost paid by households for ECE by the number of dependent children enrolled. It shows that the median cost paid by households with one child in ECE sits at $115 per week and increases by around $33 for a second child. While the average weekly cost for one child and two children is higher, the increase in cost for a second child is on average an additional $25. The low average and median cost of ECE for households with three-four children could be due to low counts (n=11), and/or an increase in the subsidies these larger families are eligible for.

Table 4 FamilyBoost: Total weekly cost for ECE, by number of children aged 0-5 ($)

Household income band	Total claimed invoice amount (customer input)			Out-of-pocket-cost		
Before tax	**One child**	**Two children**	**Three children**	**One child**	**Two children**	**Three children**
0 -$5,000	131	185	153	83	122	97
$5,000- $10,000	81	122	130	51	79	85
$10,000-$15,000	100	148	141	63	96	88
$15,000- $20,000	112	158	183	70	104	124
$20,000- $25,000	116	160	144	72	103	99
$25,000 - $30,000	128	183	192	80	120	128
$30,000 -$35,000	144	205	226	89	134	155
$35,000- $40,000	160	240	241	100	164	168
$40,000- $45,000	172	261	231	115	194	171
$45,000- $50,000	186	287	295	141	237	248
$50,000-$55,000	196	314	371	171	288	344
$55,000- $57,286	205	326	412	199	319	405
Houshold count	***44,589***	***10,302***	***487***	***44,589***	***10,302***	***487***

Source: Ipsos MoE Parents survey and MoE analysis

Table 5 presents the same data as

Table 4, however it excludes all households who recorded a $0 cost. This allows us to see what the price of ECE is for families who do pay for access to ECE. 12% of households who answered the survey question "Thinking now about how much you spend on ECE for all of your children, approximately how much each week in total, do you spend?" reported paying $0 per week for ECE.

Table 5 Total weekly cost for ECE, by number of children aged 0-5—excluding households who report no cost ($)

Measure	Number of children	Average	Median	Count
Weekly cost	One child	$ 166	$150	329
	Two children	$ 194	$163	136
	Three-four children	$ 95	$20	7
	All	$173	$150	472
Weekly hours	One child	25	25	329
	Two children	42	37	136
	Three-four children	43	37	7
	All	30	26	472

Source: Ipsos MoE Parents survey and MoE analysis

Table 5 shows that by removing these zero cost households, the average and median cost of ECE increases significantly – especially for three-four children. The table shows that the median cost paid by households with one child in ECE sits at $150 per week and increases by around $13 for a second child. On average, one child households are paying $166 per week, with this cost increasing by $28 for an additional child.

Cost as a proportion of household income

When looking at the proportions of household income spent on ECE, the FamilyBoost data provides this cost as a proportion of taxable income only, before tax (Table 6 and

Table 7). The Parents Survey goes a step further and looks at the amount spent on ECE as a proportion of household disposable income from all sources after tax and housing costs (Table 9 and

Table 10). As would then be expected, the proportion of household income being spent on ECE is higher after tax and housing costs (Table 9 and

Table 10) than the before tax rates from the FamilyBoost data (Table 6 and

Table 7)

Table 6 FamilyBoost: proportion of average household income spent on ECE, 0-2 year olds, quarterly values ending September 2025

Mid-range quarterly HH income before tax ($)	Total Invoice (Customer Input) ($)	Average rebate paid ($)	Out of pocket cost ($)	Household count	% of HH Income before rebate	% of HH Income after rebate
17,500	1,817	669	1,148	1,358	10%	7%
22,500	1,867	700	1,16	1,588	8%	5%
27,500	2,104	780	1,324	2,186	8%	5%
32,500	2,335	871	1,464	2,813	7%	5%
37,500	2,650	949	1,702	3,116	7%	5%
42,500	2,840	861	1,979	2,645	7%	5%
47,500	2,993	644	2,349	2,064	6%	5%
52,500	3,210	339	2,870	1,362	6%	5%
57,500	3,311	86	3,225	419	6%	6%

Source: IR customised dataset and MoE analysis

FamilyBoost is available for families with quarterly household income less than $57,286 (equal to $229,144 annually).

Before FamilyBoost rebate: According to FamilyBoost data, (across all providers) households with one child aged 0-2 are paying around 6-16% of their household's taxable income on childcare, before subsidies, (across all providers) (Table 6 and Table 8). Households with one child aged 3-5 are paying between 4-15% of their household's taxable income on childcare, before subsidies, (across all providers) (

Table 7 and Table 8).

After FamilyBoost rebate: According to FamilyBoost data, (across all providers) households with one child aged 0-2 are paying around 5-10% of their household's taxable income on childcare, after subsidies, (across all providers) (Table 6 and Table 8). Households with one child aged 3-5 are paying between 3-10% of their household's taxable income on childcare, after subsidies, (across all providers) (

Table 7 and Table 8)

Table 7 FamilyBoost: proportion of average household income spent on ECE, 3-5 year olds, quarterly values ending September 2025

Mid-range quarterly HH income before tax ($)	Total Invoice (Customer Input) ($)	Average Rebate Paid ($)	Out of pocket cost ($)	HH count	% of HH income before rebate	% of HH Income after rebate
17,500	1,276	482	794	2,287	7%	5%
22,500	1,315	500	815	2,225	6%	4%
27,500	1,421	539	881	2,752	5%	3%
32,500	1,530	594	936	3,192	5%	3%
37,500	1,682	639	1,043	3,484	4%	3%
42,500	1,816	644	1,172	2,981	4%	3%
47,500	2,020	556	1,464	2,119	4%	3%
52,500	2,123	325	1,798	1,369	4%	3%
57,500	2,155	80	2,075	421	4%	4%

Source: IR customised dataset and MoE analysis. Note table has removed low quarterly incomes below $10,000 <= $15,000, for these income groups see estimated incomes on Table 8

Table 8 triangles data provided by IR for households with very low incomes (below a benefit level) alongside income estimates from Treasury's Income Explorer. Because FamilyBoost only includes taxable income in their income assessment, Table 8 takes the incomes of FamilyBoost recipients in the lowest income band ($0-5,000) and inflates them to meet the minimum expected before-tax household income that these households would be receiving if they were in receipt of all their entitled benefits. The net benefit amount is estimated using the Treasury's income explorer and includes non-taxable income such as the accommodation supplement, working for families, and best start. Table 8 includes 1,214 households which accounts for around 0.7% of all households with children in ECE. For more information see

Table 75 Main source of income for FamilyBoost recipients, September 2025 and

Appendix *Understanding low incomes from FamilyBoost/IR data*.

Table 8 FamilyBoost: proportion of average household income spent on ECE, households estimated to be in receipt of a benefit, quarterly values ending September 2025

Treasury's Income Explorer Estimates			IR FamilyBoost data					
Family archetype example	**Age**	*** Estimated quarterly income ($)**	**Total invoice (customer input) ($)**	**Average rebate paid ($)**	**Out of pocket cost ($)**	**HH count**	**% of HH income before rebate**	**% of HH Income after rebate**
Single parent, not in work/on a benefit	**0-2**	11,723	1,916	695	1,222	229	16%	10%
	3-5	10,750	1,664	616	1,048	378	15%	10%
Couple not in work/on a benefit	**0-2**	14,457	1,916	695	1,222	229	13%	8%
	3-5	13,498	1,664	616	1,048	378	12%	8%

Source: IR customised dataset and MoE analysis. *N=1,214*

**Incomes are estimated from the Treasury's Income Explorer using a model family architype.*

The FamilyBoost recorded proportion of before-tax household income on ECE is interesting to view in the context of the USA's HHS definition in which childcare is considered affordable if it does not exceed 7% of a low-income working household's income after childcare subsidies. This finding could indicate that the amount of ECE that the average household is willing to consume is around that 6-10% of their before-tax household income mark. Some limitations of the FamilyBoost household income data is that it only provides the taxable household income before tax. That means we don't know what the households true total income is from all sources (especially for the lower income groups), but we also don't know what the after-tax income is of these households as the marginal tax rate will differ based on whether there is one, two, or three people in the household earing money and contributing to the total household income.

Looking at affordability from the perspective of a household's before-tax income is a good jumping off point. However, what it doesn't tell us is how much disposable income households actually have to pay for ECE. For this reason, we use the results of the parent's survey to assess what households' disposable income is after-tax and housing costs. Using disposable income after-tax and housing costs gives us a much better sense of parent's real ability to pay. Based on averages from the parents' survey, if a family with one child aged 0–2 or 3-4 wished to use 40 hours of ECE (to cover the work commitment of a 40-hour full-time job), this would represent 24% and 20% of household disposable income after housing costs for the 0–2 and 3-4 age groups, respectively (based on total recorded average weekly cost in

Table 15).

Table 9 Parents survey: proportion of average weekly household disposable income spent on ECE, by income bands, one child aged 0-2

Weekly HH incomes from all sources after tax	Housing costs ($)	Cost of ECE ($)	ECE % of HH Income	Household count
788	422	49	13%	40
919	481	64	15%	18
1,313	513	120	15%	41

1,688	613	209	19%	51
2,341	717	197	12%	70
3,596	846	218	8%	49
Average: 2,027	**634**	**174**	**13%**	**146**

Source: Ipsos MoE Parents Survey and MoE analysis. "Which of the following describes your total annual household income from all sources, after tax and deductions? (This is the amount of money that you receive in your bank account from wages and salaries, benefits, rental income or other income sources. Deductions include things like ACC levy, KiwiSaver, or student loans.) Please include all sources of income across all members of the household who contribute financially to the household."

According to the Parents Survey data (Table 9), (across all providers) households with one child aged 0-2 are paying between 8-19% of their household's after-tax income on childcare. The average cost across all income bands for households with one child aged 0-2 sits at 13% of their household disposable income after housing. This 13% of household income represents an average of 22 hours for 0–2-year-olds.

Households with one child aged 3-5 are paying between 6-24% of their household's taxable income on childcare, after subsidies (

Table 10). The average cost across all income bands for households with one child aged 3-5 sits at 10% of their household disposable income after housing. This 10% of household income represents an average of 27 hours for 3–5-year-olds.

Table 10 Parents survey: proportion of average weekly household disposable income spent on ECE, by income bands, one child aged 3-5

Household incomes from all sources after tax ($)	Housing costs ($)	Cost of ECE ($)	ECE % of HH Income	Household count
865	571	70	24%	68
1,006	508	103	21%	31
1,423	523	114	13%	50
1,747	626	127	11%	47
2,374	728	165	10%	74
3,719	1,055	163	6%	51
Average: 1,946	687	128	10%	226

Source: Ipsos MoE Parents Survey and MoE analysis: "Which of the following describes your total annual household income from all sources, after tax and deductions? (This is the amount of money that you receive in your bank account from wages and salaries, benefits, rental income or other income sources. Deductions include things like ACC levy, KiwiSaver, or student loans.) Please include all sources of income across all members of the household who contribute financially to the household."

Table 11 Parents survey: average childcare hours used, alongside costs as a proportion of household disposable income, households with one child, by age and provider

		HH Count	Hours	Hourly cost ($)	Weekly HH income after tax ($)	Housing cost ($)	Weekly ECE cost ($)	ECE cost a % of HH disposable income
Age 0-2	**Education & Care Service**	105	22	8.1	2,439	694	179	10%
	Kindergarten*	17	17	8.2	1,929	806	140	12%
	Home-based	11	15	7.2	1,888	702	108	9%
	Playcentre	22	9	7.2	1,090	629	65	14%
	Kōhanga Reo	7	23	3.1	1,090	403	71	10%
	Pacific language	2	11	9.1	1,442	375	100	9%
Age 3-5	**Education & Care Service**	159	27	6.4	2,360	809	172	11%
	Kindergarten*	61	20	3.5	1,847	694	69	6%
	Home-based	8	16	2.4	1,394	1,087	38	12%
	Playcentre	11	9	4.8	1,971	596	43	3%
	Kōhanga Reo	5	20	3.7	1,971	435	74	5%
	Pacific language	6	20	3.7	2,308	528	74	4%

Source: Ipsos MoE Parents Survey. MoE analysis. Disposable income is defined as total annual household income from all sources, after tax and deductions.
*Housing cost is defined as: the amount paid in mortgage, rent, board or accommodation / housing costs per week. *Note some Education & Care centres have 'Kindergarten' in the name, and therefore some parents may believe their child to be attending a Kindergarten, when it's actually and Education & Care centre.*

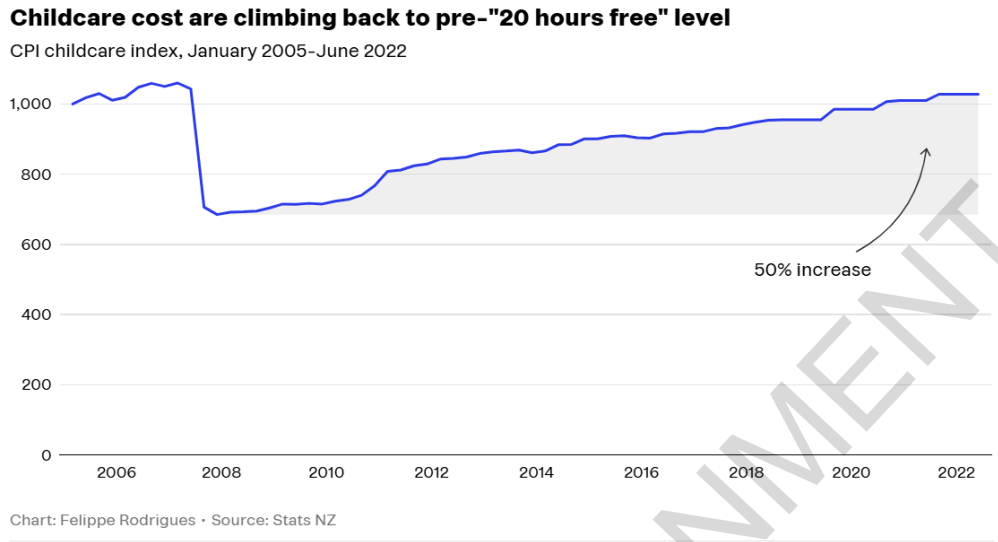
Table 11 presents ECE costs as a proportion of household disposable income after housing costs, by provider type and by child age band. What it shows, is that when you look at how much disposable income the average family has access to in order to pay for childcare and cover the cost of their other bills (power, internet, transport, groceries, clothing), the cost of childcare becomes a significant expense, especially for low-income families.

Table 11 also shows that the average household income of those who enrol their children in Education and Care is higher than the other provider types (note however the small household counts provided in the table). This means that the average household with one child enrolled in Education and Care spends around 10% of their disposable income after housing costs for around 22 hours of childcare.

The cost of 20 hours of ECE

The value and effectiveness of 20 Hours ECE to families appears to vary.

Table 12 and Table 13 show that many households are seeing the full benefits of the policy, while on the other side of the spectrum (upper quartile) around a quarter of households are not seeing the full intended benefit of 20 Hours ECE translate to weekly cost. A September 2022 article by Stuff said that the value of 20 Hours ECE "has faded so far that parents are routinely paying $65 a day" and that "government subsidies have been effectively completely swallowed up, and parents are back to paying what they were before "20 Hours Free" was introduced". The article claims that "parents are routinely paying more than $300 a week for childcare for over 3-year-olds even with the 20 hours subsidy". Most parents spoken to by *Stuff* said the 20 Hours policy is a help, typically driving down the cost at a for-profit service by about a third compared with an under-3.



Source: Stuff (Duff, 2022).

Table 12 and Table 13 show that according to the parent's survey, the median cost for families with one child aged 3-5 and entitled to 20 hours ECE AND who attend for exactly 20 hours was $35 per week. In contrast, the median cost for families with one child aged 0-2 attending 20hrs was $180. This means that a family entitled to 20 Hours ECE attending for exactly 20 hours saves around $145 per week in comparison to younger children not entitled (based on median values). When we expand this group (to generate a higher household count) to those attending for 20 hours or less, the median weekly rate for families with one child aged 3-5 is $50 compared to $100 for one child aged 0-2. Reducing the savings to $50 per week.

Table 12 The weekly cost of Education & Care, for households with one child aged 3-5

	20 exact	<=20	<=30 hours	>=21 hours	40 exact
Range	$0-600	$0-600	$0-624	$0-624	$30-500
Lower quartile	7	12	20	50	185
Median	35	50	70	154	233
Upper quartile	194	195	190	232	325
Average	122	119	128	160	254
Count	***28***	***47***	***111***	***110***	***13***

Source: Ipsos MoE Parents Survey, and MoE analysis *n=159. Note – caution very low counts*

Table 12 and Table 13 show that the median cost for families with one child aged 3-5 attending for exactly 40 hours is estimated at $233 compared to $340 for one child aged 0-2. This means that a family entitled to 20 Hours ECE saves around $107 per week in comparison to younger children not entitled.

Table 13 The weekly cost of Education & Care, for households with one child aged 0-2

	20 exact	<=20	<=30 hours	>=21+ hours	40 exact
Range	$10-450	$0-450	$0-450	$2-480	$200-460
Lower quartile	128	10	25	187	320
Median	180	100	150	260	340
Upper quartile	275	160	214	320	350
Average	203	109	143	250	335
Count	***17***	***51***	***79***	***52***	***11***

Source: Ipsos MoE Parents Survey, and MoE analysis *n=105, caution – very low counts*

The cost of 40 hours of ECE

The parents survey estimates that the average cost of sending a child aged 0-2 to Education & Care for 40 hours would be $335 (

Table 14). The median cost is estimated at $340 (Table 13).

The parents survey estimates that the average cost of sending a child aged 3-5 to Education & Care for 40 hours would be $254[22] (

[22] CCS administrative data for October 2025, indicates that children of all ages attending ECE for 41-50 hours per week pay on average $243 per week (before subsidies) (per child), while those attending for 50 hours exactly pay on average $261 per week (before subsidies) (per child).

Table 14). The median cost is estimated at $233 (Table 13).

According to the Ipsos MoE parents survey, those who use 40 hours or more of ECE are slightly more likely to be able to afford the cost of a higher ECE consumption. The average annual household income after-tax for parents who use 40 hours ECE or more sits at $128,333[23]. While the average income of parents in the survey who use 30 hours or less sits at $107,828[24].

[23] Household count for parents/caregivers who sent their child to 40 hours or more of ECE per week is 29.

[24] Household count for parents/caregivers who sent their child to 39 hours or less of ECE per week is 561.

Table 14 The proportion of household disposable income after housing used on Education & Care, 40 hours only and all hours.

Weekly measure	40 hours only		All households	
	0-2 Years ($)	3-5 Years ($)	0-2 Years ($)	3-5 Years ($)
Estimated cost of 40 hours Education & Care	335	254	335	254
Average household income after-tax	2,981	2,445	2,027	1,946
Average housing costs	833	771	634	687
Disposable income after housing costs	2,147	1,674	1,393	1,259
ECE a % of disposable income after housing costs	16%	15%	24%	20%
Household count	***13***	***16***	***269***	***321***

Source: Ipsos MoE Parent's Survey, and MoE analysis

- Table 15

Table 15 *presents the answers to the question "*Thinking now about how much you spend on ECE for all your children, approximately how much each week in total, do you spend?*"*.

The results show that for those attending Education & Care for 40 hours exactly, with one child:

- **Aged 0-2** were paying an average of $335 per week, which is equal to 16% of this group's average disposable income after housing costs (Table 14).
- However, if all families were to use 40 hours of ECE, this average weekly cost of $335 for one child aged 0-2 is equal to 24% of the average disposable income after housing costs for all survey participants – indicating that those who are more able to pay for 40 hours may be more likely to use 40 hours (

- Table 14).
- **Aged 3-5** were paying an average of $254 per week, which is equal to 15% of this group's average disposable income after housing costs (

- Table 14).
- However, if all families were to use 40 hours of ECE, this average weekly cost of $254 for one child aged 3-5 is equal to 20% of the average disposable income after housing costs for all survey participants (

- Table 14).

Table 15 Total average weekly cost to attend ECE (based on total cost recorded)

		Average weekly cost			Counts		
	Hours	**0-2 years**	**3-5 years**	**0-5 years**	**0-2 years**	**3-5 years**	**0-5 years**
Education & Care	**20**	203	122	184	17	28	45
	40	335	254	289	11	13	24
	45	284	193	218	2	4	6
Kindergarten	**20**	277	65	114	5	14	19
	40	-	190	190	0	3	3
	45	-	-	-	0	0	0

Source: Ipsos MoE Parents Survey, MoE analysis. *N=113*

Values include only the total cost recorded for those who attend ECE for exactly 20, 40, or 45 hours. ***QCA2****: Thinking now about how much you spend on ECE for all your children, approximately how much each week in total, do you spend?*

The sample size of households who enrol their children in ECE for exactly 20, 40, or 45 hours is naturally quite low (as shown in

Table 15). For this reason,

Table 16 includes estimates of the total cost of enrolling a child in ECE for 20, 40, and 45 hours based on the average hourly rate for all children attending, by provider, by age band.

Table 16 Average weekly cost of ECE, by hours enrolled, households with one-child aged 0-5, based on hourly rate for all households

		Average weekly cost		Household counts	
Provider	**Hours**	**0-2 years**	**3-5 years**	**0-2 years**	**3-5 years**
Education & Care	**20**	$167	$166	103	147
	40	$333	$203		41
	45	$375	$228		41
Kindergarten	**20**	$126	$81	21	48
	40	$253	$113		30
	45	$284	$128		30
Homebased	**20**	$105	$56	12	8
	40	$210	S*		2
	45	$236	S*		2

Source: Ipsos MoE Parents Survey, MoE analysis

n=459 To increase the household counts,

- Table 16 includes values calculated based on the average hourly rate of all enrolled children multiplied by 40 hours. This differs to

*Table 15 which includes only the total cost recorded for those who attend ECE for exactly 20, 40, or 45 hour). *S=value is supressed due to low counts.*

Those in receipt of the MSD CCS are much more likely to use 30 hours of more of ECE per week than the general population. Currently, only 3% of all children enrolled in ECE attend for 35-40 hours and 11% attend for 30 hours or more. While 37% of children receiving the CCS attend for over 31 hours with 15% of CCS recipients attending for over 41 hours. This suggests that three things could be happening; (1) that there is some un-met demand in ECE consumption from New Zealand households not in receipt of the CCS subsidy; (2) that the work conditions placed on accessing the CCS are driving this difference in hours used; (3) households who work higher hours are more likely to apply for the CCS as they perceive it to be more worth their time.

A full-time job generally requires a 40-hour week and an 8-hour day, plus travel time. However, Statistics New Zealand defines full-time as 30 hours or more per week. As at the 2023 Census, 45% of women with children aged 0-5 worked full-time in comparison to 61% for women with older dependent children aged 6-16 (Table 35). It's therefore possible that if ECE were cheaper with operating hours more flexible to full-time work and shift work that the number of women in full-time work may increase to something more in-line to those with older children (i.e. from 45% to 61%).

The Ipsos MoE Parents Survey tells us that:

- 52% of households would use more ECE if the cost were lower
- 50% would have returned to work sooner if they had cheaper / more affordable ECE options
- 47% said that the cost of ECE means they are working / studying less than what they would like
- 37% said that the cost of ECE has stopped them from going back to work / study

Most studies included in the literature review found positive effects of a reduction in price on the hours of ECE consumed, but small to negligible effects on new enrolments, with the strongest positive effects found where ECE is universally free for the bulk of the day (PCA, 2024). When we consider this, alongside the finding that those in receipt of MSDs CCS are much more likely to enrol their child in 35 hours or more; the results of the parents survey question on "If the costs of ECE were lower..", and the finding that parents with children aged 6 or above (and with access to free all-day public school) are more likely to work full-time then those with children aged 0-5. It's therefore likely that if the cost of full-time ECE was made more affordable to parents that this would drive demand for more hours of ECE participation. The increase in demand would sit somewhere between its current rate and at the more extreme end, that of the CCS where the average household cost of ECE is around $39 per week. For more information around parental demand for ECE see Table 33 Reasons why parents/caregivers do not have their children enrolled in ECE.

FamilyBoost: Invoice, rebate, and out-of-pocket cost

FamilyBoost is available for families with quarterly household income less than $57,286 (equal to $229,144 annually). Of the 162,000 families with children enrolled in ECE, 127,000 families (78%) are estimated to qualify for FamilyBoost[25]. IR estimates an eventual uptake of 92,000 households. This

[25] Day 2, Session 14 - FamilyBoost data. Note: Across the first four quarters of the FamilyBoost programme, there were an estimated 80,000 unique families in receipt.

represents a 71% household uptake rate (29% being eligible families unlikely to claim for having little/no unsubsidised fees or other reasons).

For the quarter ending September 2024, 44,237 families received the FamilyBoost rebate. In the quarter ending December 2024, 38,916 families received the FamilyBoost rebate. For the most recent quarter ending September 2025, 64,812 families submitted a claim, and payments were processed to 59,430 families (around 66,678 children). As of September 2025, 223 households had received the full payment ($975) across all four quarters, which is equal to $73.86 per week.

The FamilyBoost data in this section includes two different definitions of the cost of ECE to families:

- **Average total claimed invoice amount**: This is the customer input value and should reflect the total cost that a provider charged the family.
- **Approved invoice amount:** This is the value that IR recognises. It includes optional charges and fees in the families' invoices or quarterly statement that relate to the education and care of the child — things like teaching resources, excursions and entrance fees, building levy, food, nappies, wet bags, clothing, sunscreen, and transport. It does not include things like fundraiser purchases, all-day parking leases, goodwill payments and donations because they are not related to the education of the child.

FamilyBoost household income bands are before tax. This differs to what is often presented in the parent survey results. The parent's survey household incomes are predominately displayed as disposable income after tax.[26]

Weekly cost of ECE

From 1 July 2025, the Government increased the value of FamilyBoost payments, raising both the percentage of childcare costs reimbursed and the maximum payment amount. The amount that an eligible family can claim increased from 25% to 40% of ECE costs up to a maximum of $1,560[27] each quarter ($118 each week[28]). The abatement rate was also lowered from 9.7% to 7% for household income over $35,000 each quarter.

As shown in Table 17, the average approved invoice amount for all families in receipt of FamilyBoost prior to the July 2025 change was $134 per week. The average rebate paid to families was around $28 (21%), leaving the average final cost to families at $103 per week. After the July 2025 update, the average weekly invoice amount from providers was $141 and the average rebate paid increased to $42 (

[26] Parent survey also does before tax, however the top band is $150,000 or above. Note: According to Statistics New Zealand 's Household Economic Survey, the average annual household income (gross) in June 2024 was $126,370.). Also, FamilyBoost is available for families with quarterly household income less than $57,286 (equal to $229,144 annually) therefore the before tax survey bands that max out at $150,000 are only useful up to a point.

[27] up from a maximum $975 a quarter.

[28] (Quarterly cost/66 business days in the September quarter) * 5 days

Table 18). The Ipsos parent survey was live from 21 November–8 December 2025, and families could claim the new rate from 1 October 2025.

Table 17 Families' average weekly out-of-pocket costs for ECE alongside their FamilyBoost (FB) rebate, by region, for the period 1 July 2024 to 31 December 2024 (Prior to July 2025 changes)

Region	Applicants count (Sept 2024)	Estimated average weekly cost (Sept 24) ($)	Estimated average weekly rebate (1 July-31 Dec) ($)	Estimated final cost to families ($)
Auckland	12,959	157	32	125
Bay of Plenty	3,328	126	27	99
Canterbury	7,036	122	26	96
Gisborne	387	103	22	81
Hawke's Bay	1,443	127	26	101
Manawatū-Whanganui	2,546	118	25	93
Marlborough	412	125	26	99
Nelson	376	120	24	96
Northland	1,320	110	24	86
Otago	2,009	154	31	123
Region Unknown	1,634	136	28	107
Southland	872	124	25	99
Taranaki	1,022	117	26	92
Tasman	384	101	22	78
Waikato	4,961	124	26	99
Wellington	3,369	159	31	128
West Coast	179	86	18	68
Total	**44,237**	**134**	**28**	**106**

Source: IR Weekly costs are calculated from quarterly data, assuming 66 business days in the quarter multiplied by 5 days and and MoE analysis

For the period 1July 2024- 31 December 2024, the average weekly cost of ECE for FamilyBoost recipients was highest in Wellington ($159), Auckland ($157), and Otago ($154). These three regions together represent 41% of all claimants. The cost of ECE was lowest in West Coast ($86), Tasman ($101), Gisborne ($103), and Northland ($110). These four regions together represent 5% of all claimants (Table 17).

Table 18 presents the average weekly value of the FamilyBoost rebate to households after the July 1 update. It shows that the total average weekly value of the rebate increased to $42 from $28 after the change in eligibly criteria and amount claimable. The average value of the FamilyBoost rebate for a family with one child was $36, increasing to $49 for two children and then $52 for three children. On Average, households received a rebate equal to 29% of their total cost.

Table 18 Weekly value of FamilyBoost rebate by number of children and provider type, October 2025

Provider Type	One child ($)	Two children ($)	Three children ($)	All ($)	Rebate as a % of invoice
Education & Care Service	43	54	52	50	25%
Free Kindergarten	19	32		25	30%
Homebased Network	41	55		47	30%
Leo o Fanau Moana Bilingual	30	42		34	34%
Puna Reo	37	39		37	33%
Reo Rua Education and Care	43	36		42	38%
Te Kohanga Reo	35	55		43	36%
Total	**36**	**49**	**52**	**42**	**29%**
HH Count	*39,903*	*9,378*	*400*	*49,681*	*49,681*

Source: IR customised data set and MoE analysis

Table 19 follows on from

Table 18. It presents the total average weekly cost that providers charged to households, alongside the out-of-pocket cost after receiving the FamilyBoost rebate. It shows that the average weekly price charged to parents to attend Education and Care was $202, and after receiving the rebate it reduced to $153. The before subsidy weekly rate for kindergarten was $83, reducing to $58, and the before subsidy weekly rate for Homebased was $160, reducing to $112.

Table 19 Average weekly cost of ECE, before and after FamilyBoost subsidy by number of children and provider type, October 2025

Weekly: Qtr. ending Sept 2025	Provider charge rate ($)				Out-of-pocket-cost ($)			
	one child	two children	three children	All	one child	two children	three children	All
Education & Care Service	149	224	234	202	106	170	182	153
Free Kindergarten	60	111		83	41	79		58
Homebased Network	139	185		160	97	130		112
Leo o Fanau Moana Bilingual	82	139		98	52	97		64
Playcentre								
Puna Reo	114	112		114	77	73		77
Reo Rua Education & Care	111	104		110	69	68		69
Te Kōhanga Reo	97	156		120	62	100		77
Total	**112**	**176**	**234**	**141**	**78**	**129**	**182**	**100**
HH Count	*39,903*	*9,378*	*400*	*49,681*	*39,903*	*9,378*	*400*	*49,681*

Source: IR customised dataset and MoE analysis

Table 20 and Table 21 present similar information, however grouped by quarterly income bands.

Table 20 shows the results for children aged 0-2, while Table 21 shows the results for children aged 3-5. Both tables show that as each income band increases, so too does the average cost of their ECE bill. This could show two things, that as household incomes grow, caregivers seek out a higher quality (and therefore more costly) service, and/or they utilise more hours of ECE each week. Unfortunately, FamilyBoost data does not collect hours of ECE used.

Table 20 Weekly average total ECE invoice, FamilyBoost rebate, and out-of-pocket cost, children aged 0-2

Mid-range quarterly HH income before tax ($)	Average claimed invoice (Customer Input) ($)	Average Rebate Paid ($)	Out of pocket cost ($)	Number of HH
$17,500	138	51	87	1,358
$22,500	141	53	88	1,588
$27,500	159	59	100	2,186
$32,500	177	66	111	2,813
$37,500	201	72	129	3,116
$42,500	215	65	150	2,645
$47,500	227	49	178	2,064
$52,500	243	26	217	1,362
$57,500	251	6	244	419

Source: IR customised data set and MoE analysis

Table 20 and Table 21 exclude households with very low incomes (below a benefit level) while

Table 22 includes them. Comparisons between

Table 20 and Table 21 also show the different average prices that households with children aged 0-2 and 3-5 are paying to attend ECE. Before the FamilyBoost rebate, across the income bands a household with a child aged 0-2 are paying between $138 and $251 per week, while a household with a child aged 3-5 are paying between $97 and $163

Table 21 Weekly average total ECE invoice, FamilyBoost rebate, and out-of-pocket cost, children aged 3-5

Mid-range quarterly HH income before tax ($)	Total Claimed (Customer Input) ($)	Rebate Paid ($)	Out of pocket cost ($)	Number of HH
$17,500	97	37	60	2,287
$22,500	100	38	62	2,225
$27,500	108	41	67	2,752
$32,500	116	45	71	3,192
$37,500	127	48	79	3,484
$42,500	138	49	89	2,981
$47,500	153	42	111	2,119
$52,500	161	25	136	1,369
$57,500	163	6	157	421

Source: IR customised data set and MoE analysis

Table 22 includes the three low-income bands that are below a benefit level. Treasury's Income Explorer income estimates, a sole parent household earning below $11,774 or a dual income household earning below $14841, would likely be in receipt of non-taxable benefits such as WFF, Accommodation supplement, best start, student loans or allowances. These three income bands pay between $88 and $145 per week on ECE before receiving the FamilyBoost rebate.

Table 22 Average weekly total claimed invoice amount (customer input) FamilyBoost, by income band and age band

Before tax quarterly income band	0-2 years	3-5 years
$0 <= $5,000	$ 126	$ 145
$5,000 <= $10,000	$ 73	$ 101
$10,000 <= $15,000	$ 88	$ 129
$15,000 <= $20,000	$ 97	$ 138
$20,000 <= $25,000	$ 100	$ 141
$25,000 <= $30,000	$ 108	$ 159
$30,000 <= $35,000	$ 116	$ 177
$35,000 <= $40,000	$ 127	$ 201
$40,000 <= $45,000	$ 138	$ 215
$45,000 <= $50,000	$ 153	$ 227
$50,000 <= $55,000	$ 161	$ 243
$55,000 <= $57,286	$ 163	$ 251
Number of households	***20,941***	***26,712***

IR customised data set and MoE analysis.

Note: Using Treasury's Income Explorer income estimates, a sole parent household earning below $11,774 or a dual income household earning below $14841, would likely be in receipt of non-taxable benefits such as WFF, Accommodation supplement, best start, student loans or allowances.

Table 23, Table 24, and Table 25 present the impact that receiving FamilyBoost has had on households according to the results of the Ipsos MoE Parents survey. Table 23 presents this impact by income bands, Table 24 by whether a household has a sole parent or two parents, and Table 25 by disability status.

Table 23 shows that 25% of those in receipt of FamilyBoost increased the hours or days of ECE that they used. 58% said they felt that they paid less for ECE as result. It's likely that the 42% who don't feel like they pay less could be a combination of reasons. First is that 20% of people said they use more hours, but don't pay less, this could indicate that the increase in hours mitigates the reduced price. Second that the rebate requires the family to pay costs up front and they can only claim that money back every three months. Therefore, they still incur that cost and require the liquid cash up front. The third reason could be that the value of the rebate itself is not enough to have a material impact on whether they view the cost as affordable or not. Additionally, FamilyBoost is still new and there had only been one quarter of FamilyBoost paid out under the updated settings when the survey was conducted. At the time the survey was conducted (Nov/Dec 2025) families who applied for FamilyBoost in the September 2025 quarter should have received their rebate.

Table 23 The impact of receiving FamilyBoost payments, by household income band

HH Income before tax	I use more ECE hours/days	I pay less for ECE	I use more ECE hours/days and pay less for ECE	None of the above
less than $50,000	20%	43%	17%	20%
$50,001-$60,000	21%	41%	13%	26%
$70,001-$100,000	16%	51%	5%	27%
$100,001-$150,000	7%	47%	10%	36%
$150,001 or more	14%	58%	8%	20%
Total %	**15%**	**48%**	**10%**	**26%**
Total count	***40***	***129***	***28***	***71***

Source: Ipsos MoE Parents Survey and MoE analysis as at November/December 2025 *n=268*

Table 24 shows that since receiving FamilyBoost, sole parents were more likely to use more ECE because of the rebate than dual parent households – 34% in comparison to 25%. Sole parent and dual parent households were equally likely to say they pay less for ECE.

Table 24 The impact of receiving FamilyBoost payments, by relationship status

HH Income before tax	I use more ECE hours/days	I pay less for ECE	I use more ECE hours/days and pay less for ECE	None of the above
Single	13%	38%	22%	28%
Couple	15%	50%	9%	26%
Total %	**15%**	**48%**	**11%**	**26%**
Total count	***37***	***119***	***27***	***65***

Source: Ipsos MoE Parents Survey IR customised data set and MoE analysis, as at November/December 2025 *n=248*

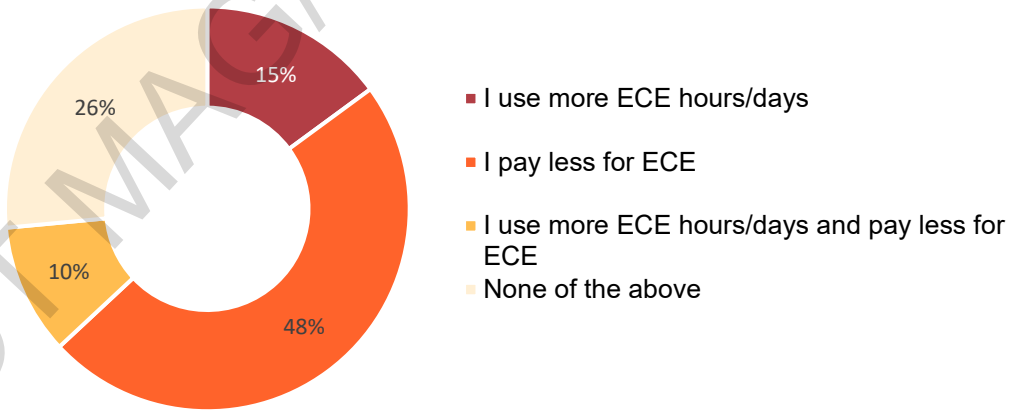
Table 25 shows that since receiving FamilyBoost households with a disabled family member are more likely to use more ECE because of the rebate than households with no disabled members – 42% in comparison to 22%. However, non-disabled households were slightly more likely to feel as though they paid less for ECE than households with disabled members (possibly because the increase in hours used fills the gap in reduction in price).

Table 25 Do you or anyone in your household have a disability or think of themselves as being disabled?

Disabled HH member	I use more ECE hours/days	I pay less for ECE	I use more ECE hours/days and pay less for ECE	None of the above	Count
Yes	26%	37%	16%	21%	**38**
No	13%	51%	10%	27%	**220**
Prefer not to answer	0%	100%	0%	0%	**1**
Don't know	22%	22%	11%	44%	**9**
Total %	**15%**	**48%**	**10%**	**26%**	**268**
Total count	**40**	**129**	**28**	**71**	**268**

Source: Ipsos MoE Parents Survey and MoE analysis, as at November/December 2025 *n=268*

Figure 10 What would you say has been the impact of receiving FamilyBoost payments?



Source: Ipsos MoE Parents Survey, as at November/December 2025 *n=268*

It's possible that the 42% who don't feel like they pay less could be a combination of three possible reasons. First that the rebate requires the family to front the cost up front and they can only claim that money back every three months. Therefore, they still incur that cost and require the liquid cash up front. The second reason could be that the value of the rebate itself is not enough to have a material impact on whether they view the cost as affordable or not. Additionally, FamilyBoost is still new and there had only been one quarter of FamilyBoost at the new rebate rate and income threshold when the survey was conducted. At the time the survey was conducted (Nov/Dec 2025) families who applied for FamilyBoost in the September quarter should have received their rebate. For more detailed analysis of the impact of receiving FamilyBoost payments see Table 23 (income bands) Table 24 (relationship status) Table 25 (disability).

Childcare Subsidy (CCS): Invoice, rebate, and out-of-pocket cost

The average weekly invoice amount **per child** for October 2025, was $140.52, while the average amount of CCS paid by MSD was $106.25. This means that the average weekly out-of-pocket costs per child in receipt of the CCS sat at an estimated $34.27 (Table 26). The average weekly invoice amount **per household** for the same period was $39.35. A family can then go on to claim FamilyBoost for their remaining out-of-pocket costs, meaning that one family would need to interact with both MSD and IR to receive the full level of support available for their childcare costs.

According to data provided by MSD and presented in Table 26, 5% of those in receipt of the CCS received the maximum entitlement of 50 hours per week. For those children, their weekly after subsidy out-of-pocket costs, per child, were $39.79 per week, or $7.96 per day (Table 26).

Table 26 Average weekly cost of ECE, before and after CCS, for children attending 50 hours, October 2025

50 hours used	Number of children	Weekly provider charged rate (before subsidy)	Weekly Out-of-pocket cost	Daily Out-of-pocket cost
No	18,882	$134.65	$34.00	$6.80
Yes	921	$260.86	$39.79	$7.96
All children	**19,803**	**$140.52**	**$34.27**	**$6.85**

Source: MSD customised data set and MoE analysis.

Number of children receiving Childcare Subsidy (CCS) as at end of October 2025. Maximum entitlement is based on the child(ren) having the 50 hours attendance. Daily out-of-pocket-cost assumes a 5-day week attendance.

Table 27 shows that on average, parents/caregivers of children aged 0-2 were invoiced $149 per week, while parents/caregivers of children aged 3-5 were invoiced $128 — a decrease of $21 for 3–5-year-olds entitled to 20 hours ECE)[29].

Table 27 Average weekly cost of ECE, before and after CCS, by child age band, October 2025

Age	Number of children	Weekly CCS payable rate ($)	Weekly provider charged rate ($)	Out-of-pocket cost ($)
0-2 years	11,862	115	149	34
3-5 years	7,938	93	128	34
Total	***19,803***	***106***	***141***	***34***

Source: MSD customised data set and MoE analysis

Note: data supplied does not allow by age AND provider type

[29] Note: the data provided doesn't allow us to link age band and the number of hours attended

Table 28 shows the average weekly cost of childcare both before receiving the CCS (weekly provider charged rate) and after receiving the CCS (out-of-pocket cost). It shows that the average weekly cost of ECE and the value of the CCS varies by provider type.

Table 28 shows that while households are being charged on average slightly more for home-based, their average out-of-pocket cost after receiving the CCS is on average $10 per week less - $38 for Child Care Centre (similar to Education & Care) in comparison to $28 per week for home-based.

Table 28 Cost of childcare before and after CCS, by provider type, October 2025

Provider Type	Number of children	Weekly CCS payable rate ($)	Weekly provider charged rate ($)	Out-of-pocket cost ($)
Child Care Centre	15,879	108	146	38
Day Care Centre	27	87	110	23
Home-based	1,191	123	151	28
Institution	327	109	150	41
Kindergarten	978	69	81	12
Playcentre	9	8	8	-
Te Kōhanga Reo	1,392	97	112	15
Total	***19,800***	***106***	***141***	***34***

Source: MSD customised data set and MoE analysis

Note: Childcare Centres fall under Education & Care, Day Care Centres are also home-based, and Institutions are OSCAR centres.

What drives household decisions to use ECE and the amount used?

Affordability, access, ECE participation, labour market participation, and service viability are all intrinsically linked. Whether the cost of ECE is a barrier to access or hours used is unique to each household. This is because each household has a unique structure, income, work arrangements, and demand for ECE. A wide range of factors have a bearing on the affordability of ECE for a particular household, including: the amount of ECE required, for how many children, whether a dual income household, sole parent household, geographical location (which impacts on income, cost of living, ECE cost, housing costs, and availability of services).

Our analysis shows that ECE can be affordable for some households and unaffordable for others. Households that will, on average, have a higher ability and/or willingness to pay include dual-income households, households who only need a small amount of ECE, or those in receipt of full subsidies. As hours increase — particularly where full-time care is required for one or more children — out-of-pocket costs can rise significantly relative to disposable income for many households. ECE must be both low-cost, accessible, and have flexible operating hours suitable to full-time employment to significantly influence parents activities in the labour market beyond the status quo.

High childcare costs can act as a barrier to employment for some parents, particularly where upfront costs are significant relative to expected earnings. Conversely, limited or unstable employment can constrain a family's ability to afford childcare. In some circumstances, this interaction can weaken work incentives and reduce children's participation in ECE, particularly in lower-income households. There are very limited services available for parents who work irregular hours or shift work, which adversely affects both ECE participation and labour market participation for these households.

Participation and subsidies

In June 2025, there were 193,525 children from 162,000 families aged 0-5 enrolled in ECE. 45% of them (88,053) were in receipt of one of five subsidies (FamilyBoost, Childcare subsidy (CCS), Guaranteed Childcare Assistance Payment (GCAP), Early Learning Payment (ELP), or Flexible Childcare Assistance (FCA)).

Table 29 collates data from a number of sources (Statistics New Zealand, Education Counts, IR, and MSD) to show the distribution of children enrolled in ECE and in receipt of a childcare subsidy by age.

As mentioned, 127,000 families with children enrolled in ECE (78%) are estimated to qualify for FamilyBoost. Currently,

Table 29 shows that as of the September 2025 quarter 47% were in receipt of FamilyBoost. The table shows that around 10% of children attending ECE are in receipt of the CCS, while a small 1% or less are in receipt of the GCAP, ELP and FCA subsidies.

Table 29 The number of children and families/caregivers participating in ECE and in receipt of an ECE subsidy/rebate, June 2025

Age	StatsNZ Population Estimates	Participation in licensed ECE	FamilyBoost (July-Sept 2025)	CCS	GCAP	ELP	FCA
0 Years	57,680	9,518	1,897				
1 Years	56,840	28,051	9,626	12,189	168		
2 Years	57,640	40,580	13,311			1,149	
3 Years	62,290	54,199	13,784				
4 Years	63,050	56,576	13,396	7,722	12		
5 Years	62,920	4,580	3,382				
Age unknown		21	11,282				
Total children	**360,420**	**193,525**	**66,678**	**19,911**	**180**	Unk	Unk
Total Families	**243,087***	**162,000****	**59,430[30]**	**17,301**	**171**	**1,149**	**135**
Estimated families entitled	NA	NA	127,000[31]	82,995 ***			
Average children per family	1.5	1.2	1.2	1.2	1.1		

*Source (from columns left to right): StatsNZ population Estimates (update 17 November 2025, retired 29 January 2026), Education Counts, IR customised dataset, MSD customised dataset. * Census 2023 **IR *** MoE IDI exploratory analysis based on Census 2023, estimate only*
Note: June 2025 was selected as that is the most up-to-date data on ECE participation.

Table 30 shows the number of households in New Zealand with ECE aged children, grouped by the age of their youngest child and whether the household is a sole parent or dual parent household. The table shows that at the 2023 Census, 20% of households with young children were sole parent households. The table is also useful for knowing how many children could be encapsulated by a change in policy defined by child age (e.g. 20 Hours ECE and the ECE subsidy).

Table 30 Number of households with a youngest child aged 0-5 years, by family type

Child age	Total	Couple with child(ren)	One parent with child(ren)
Less than one year	48,897	41,145	7,752
One year	51,387	42,708	8,679
Two years	41,253	33,393	7,860
Three years	36,273	28,701	7,569
Four years	33,075	25,314	7,764
Five years	32,202	24,252	7,950
Total	**243,087**	**195,513**	**47,574**

Source: Census 2023

[30] Across the first four quarters of the FamilyBoost programme, there were an estimated 80,000 unique families in receipt.

[31] Day 2, Session 14 - FamilyBoost data

Table 31 Prior participation of children 6 months before starting school by ethnicity and weekly hours, June 2025 (%)

Hours attended	Pākehā	Māori	Pacific	Asian	Other	Total
No ELI attendance records	6	24	18	9	9	12
0-5 hours	0.9	0.8	0.7	0.4	0.2	0.8
5-10 hours	4	4	4	4	3	4
10-15 hours	16	14	15	14	14	15
15-20 hours	24	22	21	19	19	22
20-25 hours	24	20	22	22	23	23
25-30 hours	14	9	12	16	16	13
30-35 hours	8	4	4	10	9	7
35-40 hours	3	1	2	4	4	3
More than 40 hours	0.5	0.3	0.7	2.4	1.6	0.9

Source: Education Counts. The average weekly hours a child attended in the six months prior to starting school. The average weekly hours are calculated as total attended hours divided by the number of weeks attended.

Table 31shows the proportion of children enrolled in ECE by ethnicity and the number of hours attended, in the six months prior to starting school. Currently, only 3% of these children attended for 35-40 hours and 12% attended for 30 hours or more. While 37% of children receiving the CCS attend for over 31 hours with 15% of CCS recipients attending for over 41 hours (Table 32Table 63).

Table 32 Hours of ECE attended for children in receipt of the CCS, October 2025

Hours attended	Number of children	Proportion of children
0-10	5,649	29%
11-20	1,821	9%
21-30	5,070	26%
31-40	4,266	22%
41-50	2,997	15%
Total	**19,800**	**100%**
50 hours exact	*921*	*5%*

Source: MSD customised dataset

Just over one-quarter (29%) of the 19,800 children receiving the MSD's Childcare Subsidy (CCS) are enrolled for between 0-10 hours. 63% attend for over 20 hours, 15% attend for over 40 hours, and 5% attend for 50 hours (Table 32).

Results from the Ipsos MoE Parents survey tell us that:

- **52%** of household would use more ECE if the cost were lower
- **50%** would have returned to work sooner if they had cheaper / more affordable ECE options
- **47%** said that the cost of ECE means they are working / studying less than what they would like
- **37%** said that the cost of ECE has stopped me from going back to work / study

It's therefore highly likely that if the cost of full-time ECE was made more affordable to parents that this would drive demand for more hours. The increase in demand would sit somewhere between its current rate and at the more extreme end, that of the CCS where the average cost of ECE is around $34 per week.

Drivers of demand for ECE

Drivers of children not enrolled in ECE

This section discusses the rationale behind parents/caregivers choosing not to enrol their children in ECE. The parents survey included targeted questions for 182 parents/caregivers with children aged 0-5 years not enrolled in ECE.

Table 33 shows that 35% of those who have a child age 1-5 not enrolled in ECE is due to cost being too high. 16%[32] said it was due to a lack of space, availability, or scheduling. A further 50% said that the reason their child doesn't attend ECE is due to personal preference[33].

According to the Ipsos/MoE Parents survey, distinct patterns emerge among certain demographic groups; those who are unemployed (45%), single with children (32%), or with a low household income (30%) are more likely to not have their ECE-aged children attending ECE, indicating that socioeconomic factors play a critical role in ECE enrolment.

Table 33 Reasons why parents/caregivers do not have their children enrolled in ECE

Reasons	Total	At least one child in ECE & at least one child not in ECE	No child(ren) in ECE
Cost is too high / expensive	35%	44%	31%
I prefer to stay home & look after my child(ren) myself	30%	18%	36%
I have someone (e.g., partner, parent, relative, whānau) who can look after my child(ren)	25%	19%	27%
Child is at school	13%	14%	13%
Lack of space / availability (e.g. long wait list, unable to enrol)	10%	10%	10%
Scheduling (e.g. ECE not available on the days / times that works with our schedule)	8%	10%	8%
Child is too young	5%	6%	4%
Count	***260***	***78***	***182***

Source: Ipsos MoE Parents Survey. Total adds to more than 100 as respondents were able to select multiple reasons *n=260*

Among parents / caregivers with a mix of children in ECE / not in ECE, 44% cited cost as the reason why not all their children are attending ECE. Around half indicated that the cost of ECE has impacted their work / career development (53%), they would increase their working hours if ECE was more affordable (52%), and they would have returned to work sooner if costs were lower (50%). More than a third (37%) reported that the cost of ECE has stopped them from going back to work / study. These highlight the impact of ECE expenses on labour market participation and the potential economic and financial consequences for families.

Table 34 presents the results of the Ipsos MoE Parents Survey. It shows that 40% of sole parents/caregivers agreed that they chose their ECE provider based on cost rather than preference. In comparison, 44% of partnered parents/ caregivers agreed that they chose their ECE provider based on cost rather than preference. On the flip side, 37% of sole parents/ caregivers and 36% of partnered

[32] unique responses only "Lack of space / availability (e.g. long wait list, unable to enrol)

[33] *unique responses only to "I prefer to stay home & look after my child(ren) myself" and I have someone (e.g., partner, parent, relative, whānau) who can look after my child(ren).*

parents/ caregivers disagreed – suggesting that this group chose their ECE provider based on preference first.

Table 34 I have had to choose ECE based on cost rather than my preference

	Sole parent	Partnered
Strongly agree	16%	15%
Agree	24%	29%
Neither agree nor disagree	24%	20%
Disagree	25%	23%
Strongly disagree	12%	13%
Total	**68**	**483**

Source: Ipsos MoE Parents Survey, MoE analysis,

Parents labour market status

This section presents the work and labour market status of partnered women with dependent children (Table 35), partnered men with dependent children (Table 36), sole women with dependent children (Table 37), and sole men with dependent children (Table 38).

Partnered women with dependent children

- Table 35 shows that at the 2023 Census, 68% of partnered women with dependent children aged 0-5 were employed (45% full-time and 23% part-time. In comparison, for all women, 43% were employed full-time, and 18% part-time.
- The unemployment rate for partnered women with dependent children aged 0-5 was 3.5% - slightly lower than the unemployment rate for all women at 3.7%.
- Partnered women with dependent children aged 0-5 were less likely to be in the labour force than all women aged 25-44, but slightly more likely than all women of all ages.
- 54% of partnered women with their youngest dependent child aged less than one year were not in the labour force. This quickly drops to 28% after one year, and then gradually drops for each consecutive year. By the time a child is 5 years the proportion of partnered women not in the labour force drops to 19%. By the time a dependent child is no longer of ECE age (i.e. 6 years or above), the proportion of partnered women not in the labour force drops again to 15%.

Table 35 Work and labour force status of female parent in male-female gender couple

	Partnered women			
Age of youngest dependent child	**Employed Full-time**	**Employed Part-time**	**Unemployed**	**Not in the Labour Force**
Less than one year	29%	14%	2%	54%
One year	43%	26%	3%	28%
Two years	48%	26%	2%	24%
Three years	50%	25%	3%	22%
Four years	52%	26%	2%	20%
Five years	53%	25%	3%	19%
Total ages 0-5	**45%**	**23%**	**2%**	**30%**
Six-seventeen years	61%	23%	2%	15%
General population	43%	18%		36%
All (including non-parents) aged 25-40				21%

Source: Census 2023. For an employed person, it distinguishes between full-time employment (usually working 30 hours or more per week) or part-time employment (usually working fewer than 30 hours per week).

Partnered men with dependent children

In contrast to partnered women, Table 36 shows that:

- partnered men with dependent children aged 0-5 were more likely to be in the labour force than all men aged 25-40, and significantly more likely than all men of all ages.
- partnered men with dependent children aged less than one year were just as likely to be in the labour force as those with children aged 1 through 5.
- 86% of men with dependent children were employed full-time, while 4% were employed part-time. In contrast 59% of all men were employed full-time and 9% were employed part-time.

Table 36 Work and labour force status of male parent in male-female gender couple

Partnered men				
	Employed Full-time	Employed Part-time	Unemployed	Not in the Labour Force
Less than one year	86%	4%	2%	8%
One year	87%	4%	2%	8%
Two years	86%	4%	2%	8%
Three years	85%	4%	2%	9%
Four years	86%	5%	2%	8%
Five years	86%	4%	2%	8%
Total ages 0-5	**86%**	**4%**	**2%**	**8%**
Six-seventeen years	85%	5%	1%	9%
Total population	59%	9%	3%	29%
All (including non-parents) ages 25-40				*13%*

Source: Census 2023. For an employed person, it distinguishes between full-time employment (usually working 30 hours or more per week) or part-time employment (usually working fewer than 30 hours per week).

Sole women with dependent children

- Table 37 shows that female sole parents are more likely to not be in the labour force (36% compared to 30%).
- Female sole parents are significantly more likely to be unemployed (8% compared to 2%) than partnered women.
- Sole parents with a child aged less than one year are also more likely to not be in the labour force than partnered women (67% compared to 54%).

Table 37 Work and labour force status of female sole parent

Sole-parent women				
Age of youngest dependent child	Employed Full-time	Employed Part-time	Unemployed	Not in the Labour Force
Less than one year	19%	8%	6%	67%
One year	24%	13%	8%	54%
Two years	28%	16%	10%	46%
Three years	33%	18%	11%	37%
Four years	36%	20%	10%	33%
Five years	40%	21%	9%	31%
Total ages 0-5	**40%**	**17%**	**8%**	**36%**
Six-seventeen years	52%	18%	6%	24%

Source: Census 2023.

Sole men with dependent children

- Table 38 shows that less than one quarter of male sole parents with children aged 0-5 are not in the labour force – in comparison to 8% for parented men and 36% for female sole parents.
- While 23% of male sole parents with a child aged less than one were not in the labour force, 67% of female sole parents were not in the labour force.
- While 86% of partnered men worked full-time, only 63% of male sole parents worked full-time.
- Male sole parents were much more likely to be unemployed than partnered sole parents (6% compared to 2%).

Table 38 Work and labour force status of male sole parent

Sole-parent men				
Age of youngest dependent child	**Employed Full-time**	**Employed Part-time**	**Unemployed**	**Not in the Labour Force**
Less than one year	62%	6%	7%	23%
One year	63%	6%	5%	25%
Two years	62%	5%	7%	26%
Three years	63%	7%	6%	25%
Four years	64%	7%	6%	22%
Five years	65%	8%	5%	22%
Total ages 0-5	**63%**	**7%**	**6%**	**24%**
Six-seventeen years	64%	6%	6%	23%

Source: Census 2023. For an employed person, it distinguishes between full-time employment (usually working 30 hours or more per week) or part-time employment (usually working fewer than 30 hours per week).

Impact of price on work and labour market

Table 39 to Table 42 reveal the impact that the cost of ECE has had on sole-parent households and dual-parent households according to the results of the Ipsos MoE parents survey. Table 39 shows that 62% of sole-parents and 47% of partnered parents agreed that the cost of ECE prevented them from working or studying as much as they would like.

Table 39 The cost of ECE means that I am working or studying less than what I would like

	Sole parent	**Partnered**
Strongly agree	27%	19%
Agree	35%	28%
Neither agree nor disagree	21%	19%
Disagree	9%	23%
Strongly disagree	8%	11%
Total counr	**66**	**479**

Source: Ipsos MoE Parents Survey

Table 40 shows that 56% of sole-parents and 52% of partnered parents would increase the number of hours that they work each week if the cost of ECE was lower.

Table 40 If the cost of ECE was lower, I would increase the number of hours I work each week

	Sole parent	Partnered
Strongly agree	35%	22%
Agree	21%	30%
Neither agree nor disagree	23%	18%
Disagree	14%	22%
Strongly disagree	8%	7%
Total count	**66**	**475**

Source: Ipsos MoE Parents Survey

Table 41 shows that 61% of sole-parents and 55% of partnered parents agree that the amount of ECE they can afford has impacted their work/career development or progression.

Table 41 The amount of ECE I have been able to afford has impacted my work, career development / progression

	Sole parent	Partnered
Strongly agree	25%	20%
Agree	36%	35%
Neither agree nor disagree	16%	15%
Disagree	16%	21%
Strongly disagree	8%	9%
Total count	**64**	**477**

Source: Ipsos MoE Parents Survey

Table 42 shows that 64% of sole-parents and 50% of partnered parents agree that they would have returned to work sooner if cheaper/more affordable ECE options were available.

Table 42 I would have returned to work sooner if I had cheaper / more affordable ECE options

	Sole parent	Partnered
Strongly agree	32%	19%
Agree	32%	31%
Neither agree nor disagree	17%	19%
Disagree	12%	23%
Strongly disagree	8%	9%
Total count	**66**	**470**

Source: Ipsos MoE Parents Survey

Household incomes

Whether or not ECE is affordable to most is dependent on household incomes. This section discusses the vast array of incomes across households with young children and family type. Every family is unique, and these unique characteristics help determine what their household income will be. For example, where they live, how young their children are, how many children they have, whether they are a sole-parent or two-parent household, whether one or both is working, whether it's full-time or part-time, their age, their education level and industry.

Household income also drives demand for two key reasons – the first obvious one is that cost is a key driver of ECE consumption. The second is that the more a parent is working (in general) the higher their income will be and therefore the more ECE they may be able to afford. Additionally, working parents

are more likely to require childcare while working unless they have other family members able to care for that child.

As mentioned, IR estimates that of the 162,000 families with children enrolled in ECE, 127,000 families (78%) are estimated to qualify for FamilyBoost. This means that 78% of families with children enrolled in ECE have a gross quarterly household income less than $57,286 (equal to $229,144 before tax annually).

According to Statistics New Zealand's Household Economic Survey, the average annual household income (gross) in June 2024 was $126,370. What this tells us is that FamilyBoost is available to high-income households (i.e. households whose income is just short of double the median income). Table 43, presents the median household equivalised disposable income by family composition, according to the HES. It shows that as the number of dependent children increase, the median equivalised disposable income declines.

Table 43 Median household equivalised disposable income, by number of dependent children aged 0-17 HES 2024

Family composition	Median income ($)
Couple:	
One dependent child	60,691
Two dependent children	56,362
Three or more dependent children	41,760
Single parent:	
With dependent child(ren)	34,537
All other 'One parent with child(ren) only' households	43,899

Source: Statistics New Zealand, Household Economic Survey 2024

Household equivalised disposable income is household disposable income adjusted for the size and composition of the household. Disposable income is income plus tax credits, less ACC levy, less tax payable.

According to the results of the Ipsos parents survey (n=800), annual household disposable incomes were as follows:

- Average from all sources, after tax and transfers: $102,812
- Median from all sources, after tax and transfers: $90,000

Table 44 **Error! Reference source not found.**shows the annual household disposable income from all sources by the age of the household's youngest dependent child. Again, the table shows no clear pattern. Average incomes range from $98,801 to $107,826 while median incomes range from $80,000 to $100,000.

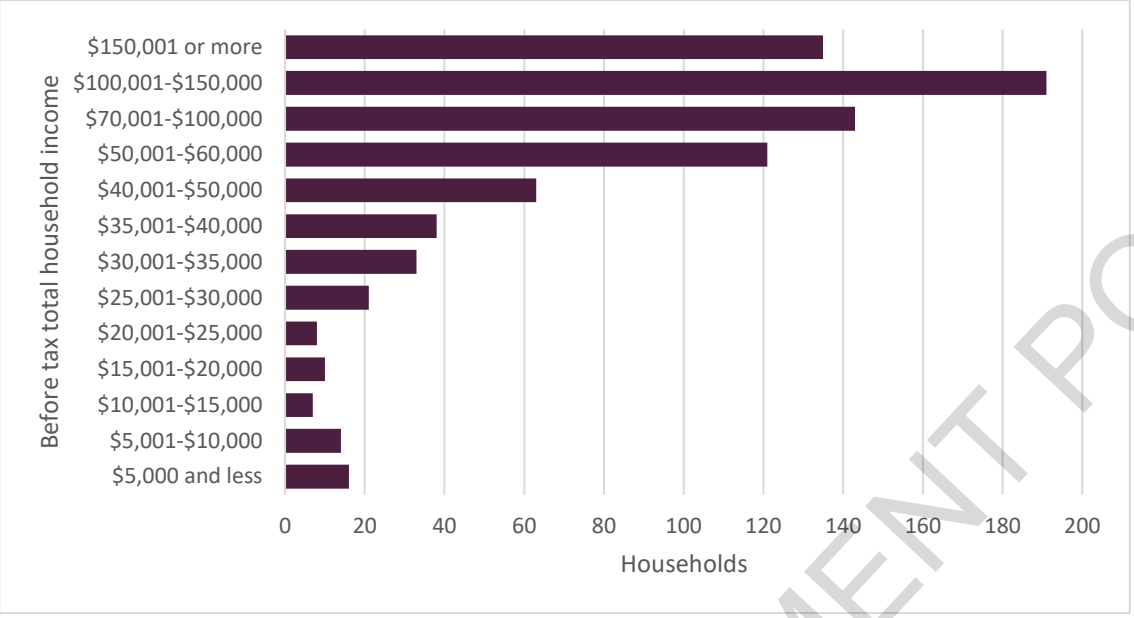
Table 44 Parents survey annual household disposable income from all sources, by age of youngest dependent child

Age of youngest child	Average ($)	Median ($)	Count
0 years	103,077	100,000	112
1 year	101,941	90,000	167
2 years	105,192	100,000	166
3 years	98,801	85,000	153
4 years	107,836	90,000	140
5 years	96,132	80,000	62

Source: Ipsos MoE Parent Survey and MoE analysis *n=800*

Figure 11 shows the distribution of before tax incomes for households in the parent's survey with dependent children aged 0-5.

Figure 11 Before tax income distribution of households with dependent children aged 0-5



Source: Ipsos MoE parents survey *n=800*

Table 45 presents the average annual income after-tax by region and by sole-parent or two-parent household. It shows that sole-parent households have significantly lower incomes than two parent households - $60,407 in comparison to $110,120. For two-income households, the regions with the highest annual household incomes were Tasman ($126,250 (n=4), Wellington ($124,722 n=79, and Auckland ($123,234 n=209).

Table 45 Parents survey average annual income, after-tax, households with children aged 0-5

	Sole-parent		Two-parent	
	Annual income ($)	Count	Annual Income ($)	Count
Auckland	63,462	32	123,234	209
Bay of Plenty	65,000	2	106,000	26
Gisborne		S	S	S
Hawkes Bay	S	S	106,250	12
Manawatu-Whanganui	48,750	10	89,697	35
Northland	S	S	85,938	32
Taranaki		S	108,125	16
Waikato	56,000	10	96,140	59
Wellington	74,167	15	124,722	79
Canterbury	48,750	9	101,951	85
Marlborough		S		S
Nelson		S	S	S
Otago	S	S	105,000	28
Southland	S	S	90,000	8
Tasman		S	S	S
West Coast		S	S	S
All NZ	***60,407***	101	***110,120***	607

Source: Ipsos MoE Parent Survey and MoE analysis *n=607*

S= counts below 6 supressed. Caution low counts.

Impact of household incomes on ECE demand

Data sourced by the Ministry of Educations Forecasting and Modelling team from the Stats NZ Integrated Data Infrastructure (IDI) found that:

- There appears to be no clear relationship between parent income and children's attendance at ECE services.
- Among 0-year-olds, attendance at early learning education (ECE) services decreased as parent income increased. Among older children, especially 1- and 4-year-olds, there was a slight trend of higher attendance associated with higher parent income.
- Parents of older children attending early learning services received more government payments compared to parents of younger children. There was a general trend of higher government payments associated with higher ECE attendance.
- Children of parents with higher incomes attended a greater number of ECE services, over the course of the year.
- The proportion of government payments parents received compared to their income, varied across education regions. In all education regions, the parents of children attending at least 20 hours of ECE per week received the highest proportion of government payments. This proportion was especially higher in the Tai Tokerau, Waikato, Bay of Plenty, and Taranaki/Whanganui/Manawatu education regions.
- Among different ECE service types, there were differences in the proportion of government payments parents received (relative to their income). This was in turn related to hours of ECE attendance. In kindergartens, home-based services and playcentres, there was a decrease in government payments as attendance increased.
- Parents with one child had a higher average income than those with two to four children. Parents with two to four children generally received a higher proportion of government payments. These payments were highest for children attending ECE services for 20 hours.

Table 46**Error! Reference source not found.** shows that while overall participation in ECE for the 6 months before starting school is high (97%). The prior participation rate is slightly lower for children from schools where children are seen to have the most socio-economic barriers (93%) in comparison to schools where children are seen to have the least socio-economic barriers (99%)

Table 46 ECE prior participation of children starting school by school EQI band[34], December 2025

School EQI Band (socio-economic barriers)	Prior participation rate
Fewest	99.0
Few	98.5
Below Average	98.0
Average	97.0
Above Average	95.4
Many	94.7
Most	93.0
Unassigned	90.6
Total	**96.9**

[34] The Schooling Equity Index (EQI) is a statistical model that estimates the extent to which students face socio-economic barriers to achievement at school. For more information see https://www.educationcounts.govt.nz/data-services/guidelines/school-equity-index-bands-and-groups.

Source: Education Counts

Table 47 shows that the average weekly attendance in ECE for children from least deprived areas and the most deprived areas is consistent.

Table 47 Average weekly attendance hours in ECE by NZ Deprivation Index, June 2025

Deprivation Index	Weekly hours
1 (least deprived)	22.9
2	23.8
3	23.0
4	22.8
5	22.4
6	23.3
7	22.2
8	23.0
9	21.9
10 (most deprived)	22.2
Not applicable / Unknown	25.5
Total	**22.7**

Source: Education Counts

Table 46 and Table 47 combined show that, in New Zealand today, there is not a noticeable or significant difference in ECE enrolment or intensity for children from areas of low/high deprivation or the least/most socio-economic barriers. While there is not a noticeable difference, it is possible that the reasons why children are not in ECE (for the small group that is not) could be due to different reasons. As noted in the literature review, a Sin (2021) study found that Māori and Pasifika mothers, unpartnered mothers, and those living in deprived areas were significantly more likely than European mothers to report that their child is not in regular childcare due to cost or access issues.

Table 48 percentage of children attending early childhood education for 10 or more, by deprivation index, June 2025

	10+ hours/week		20+ hours/week	
NZ Dep Score	Age 3	Age 4	Age 3	Age 4
1 (least deprived)	86%	91%	48%	50%
2	84%	90%	48%	50%
3	82%	88%	46%	48%
4	81%	87%	46%	47%
5	79%	85%	44%	45%
6	78%	84%	42%	44%
7	76%	83%	40%	43%
8	75%	82%	38%	42%
9	71%	79%	36%	38%
10 (most deprived)	65%	73%	30%	33%

Source: Education Counts

While Table 47 shows no clear difference in average hours attended by deprivation index, Table 48 from the same source (Education Counts) and for the same June 2025 year shows a slightly different story. It shows that those from the least deprived areas are more likely to be attending ECE for longer hours per week. By age 4, 50% of children from the least deprived areas are attending ECE for 20 hours

or more in comparison to 33% for children from the most deprived areas. How Table 48 aligns with Table 47 is unclear.

Table 49 Distribution of ECE participation by deprivation index and provider-type.

	Education & Care	Home-based	Kindergarten	Playcentre	Te Kōhanga Reo
1 (least deprived)	77%	7%	10%	7%	0%
2	79%	4%	13%	4%	0%
3	74%	4%	14%	7%	0%
4	74%	3%	14%	7%	1%
5	78%	2%	13%	6%	1%
6	74%	5%	13%	6%	2%
7	73%	3%	17%	5%	2%
8	70%	6%	16%	4%	4%
9	71%	6%	12%	4%	6%
10 (most deprived)	65%	5%	17%	2%	11%

Source: Education Counts

Table 49 shows that children from more deprived areas are more likely to be enrolled in Te Kōhanga Reo or Kindergarten than children from less deprived areas. Over a quarter (27%) of children from the most deprived areas attended Kindergarten or Te Kōhanga Reo (17% and 11% respectively), in comparison to 10% of children from the least deprived areas (10% and 0% respectively).

Table 50 FamilyBoost: weekly cost of ECE by household income and number of children

Household Income Band	Average approved Invoice Amount		
Before tax	**One child**	**Two children**	**Three children**
> 0 <= $5,000	123	178	153
> $5,000 <= $10,000	76	113	121
> $10,000 <= $15,000	95	139	139
> $15,000 <= $20,000	106	151	160
> $20,000 <= $25,000	112	156	138
> $25,000 <= $30,000	123	176	192
> $30,000 <= $35,000	140	198	214
> $35,000 <= $40,000	156	236	226
> $40,000 <= $45,000	168	257	219
> $45,000 <= $50,000	183	282	293
> $50,000 <= $55,000	193	306	358
> $55,000 <= $57,286	203	324	412
Household count	***44,589***	***10,302***	***487***

Source: IR customised data set, MoE Analysis.

Weekly cost is calculated by taking the quarterly cost, divide by 66 days in the quarter, multiplied by 5 days. Note IR does not collect hourly data for FamilyBoost.

While Table 47 shows that deprivation doesn't have much impact on the amount of ECE that children attend (hours per week), Table 50 and Table 51 show that those on the lowest incomes are paying much less for ECE per week than those on the highest incomes. Unfortunately, FamilyBoost does not collect hours of ECE for invoices. Part of this discrepancy could be that those on lower incomes are in receipt of other MSD subsidies for childcare (as you can claim FamilyBoost on the remaining cost after receiving alternative subsidies such as the CCS), that the price of ECE is cheaper in lower-

socioeconomic areas, and/or that those in wealthier areas pay a premium for higher quality care or for spaces in high-demand.

Table 51 Weekly total claimed invoice amount, by provider type and income band for households with one-child only

Household Income, before-tax	Education & Care Service	Free Kindergarten	Home based Network	Leo o Fanau Moana Bilingual	Leo o Fanau Moana Immersion	Puna Reo	Reo Rua Education and Care	Te Koohanga Reo
$5,000-$10,000	85	42	83	52	73	86	82	102
$10,000-$15,000	103	51	96	60	80	38	112	88
$15,000-$20,000	117	48	97	88	82	94	89	85
$20,000-$25,000	120	42	129	62	127	-	138	97
$25,000-$30,000	133	58	138	141	97	148	100	103
$30,000-$35,000	149	57	141	77	94	117	126	93
$35,000-$40,000	165	71	158	77	71	140	132	86
$40,000-$45,000	177	71	178	100	-	91	110	101
$45,000-$50,000	191	74	193	-	-	143	-	119
$50,000-$55,000	201	76	166	-	-	171	-	-
$55,000-$57,286	209	77	183	-	-	-	104	-
Count	**36,076**	**1,659**	**1,238**	**364**	**79**	**84**	**127**	**307**

Source: IR customised data set, MoE Analysis. *n=39,934*

Weekly cost is calculated by taking the quarterly cost, divide by 66 days in the quarter, multiplied by 5 days.

Table 52 uses data collected from the Ipsos MoE Parents Survey to show the hours of ECE that children attend alongside the associated cost per week and hour, grouped by income band. It shows that high-income households who earn over $150,001 per year use around 29 hours per week, in comparison to 20 hours per week for those with household income below $35,000. However, the observed pattern isn't entirely liner as those on the middle-income band ($50,001-$60,000) use also reported a median 20 hours per week. All other income bands use 24-25 hours per week (median value). Additionally, the average hours used is much more evenly spread across income bands. Table 52 also appears to show that both the average and median hourly cost of ECE increases as the income band increases. This could give some credence to the idea that wealthier households are paying more for ECE due to quality, location, or demand factors (however, caution low counts in Table 52).

Table 52 The weekly and hourly cost of ECE in comparison to hours used, by income band, for households with one-child only

Income before-tax	Hours		Weekly cost		Hourly cost		Household count
	Average	Median	Average	Median	Average	Median	
$35,000 and less	26	20	64	20	4	1	48
$35,001-$50,000	23	24	84	53	4	3	55
$50,001-$70,000	21	20	116	73	8	6	65
$70,001-$100,000	25	25	156	152	7	5	70
$100,001-$150,000	26	25	179	150	8	6	102
$150,001 or more	27	29	190	200	7	7	84

Source: Ipsos MoE Parents Survey, MoE analysis *n=424, Caution low counts*

**note minimum wage of $23.95 for 40 hours per week would return an annual before-tax income of $49,816*

Sole parent in-work poverty

According to a 2019 report on in-work poverty in New Zealand (Plum et al., 2019) found that households which are comprised of two or more families or single-parent households have elevated rates of experiencing in-work poverty (at 9.6 percent and 12.3 percent, respectively) in comparison to couples without children (4.8 percent), followed by couples with child(ren) (6.3 percent) and single adults (6.4 percent). The report also found that single-parent households and two or more family households with children under the age of five had elevated rates of in-work poverty compared with these household with children over the age of five (by around 1 to 3 percentage points in the case of two or more family households with children, and substantially more for single-parent households).

A 2023 analytical note from the Treasury states that "working families in poverty or near poverty thresholds are more likely to be one earner families; these families are around twice as likely to have only one earner than other families with children".

Non-standard hours of work, access, & waitlists

Waitlists are a common experience, availability & operating hours a key concern. Just over a fifth of mothers whose children are not in ECE due to access issues do work, and some mothers whose children are in care still report they are unable to work due to childcare issues, in part because childcare providers do not cater well to the nearly 50% of working mothers of young children who work irregular hours.

Some mothers whose children are in childcare still report they are unable to work due to childcare issues. This suggests childcare availability may not be sufficient to enable mothers to work, and longer hours or more flexibility of childcare is also required. Additionally, 38% of parents / caregivers indicated that in the last 2 years they had turned down work due to irregular hours / shift work that could not be covered by ECE.

For 1-in-4 parents / caregivers (26%) it was difficult to find an ECE service that had available space when they needed it, while 1 in 5 (19%) had difficulty finding an ECE service that is open for the hours they need. Nearly half (46%) of parents / caregivers have been put on a waitlist, and among these, more than half (64%) couldn't return to work / increase working hours when they wanted to as a result. More than half (54%) of parents / caregivers on waitlist got a place for their child in ECE in 0–4 months; however, 8% had to wait for over a year.

Safety & quality of care

How well their child(ren) is / are looked after / safety (46%) was the most influential factor in deciding which ECE service to use, followed by the environment (34%) and location convenience (33%). When envisioning their ideal ECE service, parents / caregivers prioritise a caring, nurturing, and loving environment (19%) alongside safety and security (15%).

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Appendix A: What support do households receive to help pay ECE fees?

The support available to help households pay for ECE includes a combination of direct to provider and direct to parents' subsidies or rebates. This paper focuses on the Childcare Subsidy (CCS) and FamilyBoost particularly in relation to invoices received by parents/caregivers and passed on to IR or MSD.

For further information on the CCS, FamilyBoost, and information on other support that household receive, please see:

-
- Appendix A:
- Draft - Initial Overview of ECE Equity and Targeted Funding.docx
- Funding types and mechanisms for early childhood education
- MSD Childcare Assistance Information pack for 2025 Early Childhood Education Funding Review MAG.docx,
- Slides - MSD presentation ECE MAG.pptx
- FamilyBoost background paper for ECE funding review MAG.docx
- FamilyBoost for MAG.pptx
- Day 2, Session 14 - FamilyBoost data.pdf
- Day 2, Session 16 - Benefits of 20 hours free.docx

According to the Ipsos/MoE parents survey around half of parents/caregivers are confident that they are aware of the available financial support (48%) and that they are receiving all support they are entitled to (50%), compared to around a quarter who are not confident. While the vast majority (78%) of those who have applied to schemes like FamilyBoost found the application process easy, lack of awareness and perceived ineligibility are the top reasons behind people not applying for it

FamilyBoost

Of the 162,000 families with children enrolled in ECE, 127,000 families (78%) are estimated to qualify for FamilyBoost. Inland Revenue (IR) estimates an eventual uptake of FamilyBoost of 92,000 households. This represents a 71% household uptake rate (which assumes that 29% of eligible families are unlikely to claim for having little/no unsubsidised fees or other reasons). According to IR, 25,337 households have received a payment in all four quarters (1 July 2024 to 30 June 2025). As at 30 June 2025, there were also 6,516 households that have registered for FamilyBoost but not claimed.

FamilyBoost is available for families with quarterly household income less than $57,286 (equal to $229,144 annually). In the quarter ending September 2025, 64,812 families submitted a claim, and payments were processed to 59,430 families (66,678 children). FamilyBoost requires families to know about and actively register for the payment. 223 households have received the full payment ($975) across all four quarters, which is equal to $73.86 per week.

According to IR the following factors may be influencing uptake:

- People believe the effort to claim may outweigh the benefits
- Lack of awareness or understanding of FamilyBoost
- Unfamiliarity or unwillingness to engage with government or its systems.

- Some households may not be receiving compliant invoices or may have lost that documentation
- Limited digital skills or literacy barriers that mean they struggle to navigate myIR
- Unfamiliarity or unwillingness to engage with government systems (for example, unwillingness to disclose personal details)
- Misconceptions about going into debt (as IR's other social support products, such as Working for Families, can result in debt).

According to an online survey from 9-16 July 2025:

- 14% of customers reported difficulty registering (mainly confusion about eligibility and complex administrative requirements)
- 8% of customers reported difficulty claiming, primarily due to ECE invoice requirements
- A lack of knowledge and perceptions of ineligibility were the main reasons most potentially eligible customers didn't register for FB.
- 51% of potentially eligible FB customers don't know about FB.

The FamilyBoost rebate still requires an upfront payment for access. Meaning only parents who can afford ECE can access the quarterly rebate. Uptake of FB has been less than expected.

If families are in receipt of other subsidies to help with childcare, like the Childcare Subsidy from Work and Income, they can only claim FamilyBoost for any extra costs. They cannot claim for costs already covered by a subsidy.

Planned FamilyBoost improvements:

IR will provide advice on progressing work on longer-term improvements to FamilyBoost, including having fees information provided directly to IR by ECE providers – aimed at improving uptake. This would likely require increased data collection by ECE providers, which smaller providers may struggle with – there may be other system reasons why this could be difficult/costly. Awareness and uptake are still developing; long-term behaviours are unclear (families have 4 years to claim FamilyBoost refunds). Uptake may be lower than expected if families have no residual fees after other subsidies.

Table 53 Why have you not applied for FamilyBoost?

Before tax HH Income	I don't think I can get it	Total Count
$5,000 and less	23%	16
$5,001-$10,000	8%	14
$10,001-$15,000	17%	7
$15,001-$20,000	11%	10
$20,001-$25,000	33%	8
$25,001-$30,000	17%	21
$30,001-$35,000	18%	33
$35,001-$40,000	0%	38
$40,001-$50,000	3%	63
$50,001-$60,000	8%	121
$70,001-$100,000*	8%	143
$100,001-$150,000*	14%	191
$150,001 or more*	34%	135
Total	**13%**	**800**

Source: Ipsos MoE parents survey *n=800*

CCS caps out at $121,471 for one child, $138,788 for two children, and $156,156 for three children.

Childcare Subsidy (CCS)

MSD childcare assistance aims to increase parental labour market participation, reduce in-work poverty, and encourage participation of children in ECE. This differs from MoE's funding goals for ECE that are more focused on education and development outcomes.

In October 2025, there were 19,803 children from 17,247 caregivers in receipt of the CCS. From 1 November 2024-31 October 2025, MSD paid out $123.507 million in CCS.

A Childcare Subsidy is normally paid for up to 9 hours of childcare a week if you're not working, studying or training.[35] In most cases you can't get the Childcare Subsidy for more than 9 hours a week if the child's other parent or caregiver can care for them. The Childcare Subsidy is available for eligible parents for up to 50 hours a week if you and your partner (if any) are both in one of these situations:

- working, studying or on an approved training course (for the hours you are in work, study, or training only plus travel time)
- involved in an activity that Work and Income has asked you to do
- a shift worker who works nights
- seriously ill or disabled
- caring for a child in hospital or for a child you get the Child Disability Allowance for.
- Either be single or have a partner who is also not in work. If a client has a partner, there must be a good and sufficient reason why they are not able to care for the child. An exception applied when the parents qualify for a Child Disability Allowance for the child attending the childcare service.

The rate of payment of Childcare Subsidy depends on the number of children, and the level of income, of the parent/caregiver. Parents/caregivers cannot receive the CCS and 20 Hours ECE for the same hours, how many hours a child attends ECE, and the total invoice cost. While the maximum income thresholds for CCS eligibility are quite high (CCS caps out at $121,472 gross for one child, $138,788 gross for two children, and $156,156 gross for three or more children). The in-work, study, or training requirements for both parents and the administrative burden are key factors in why only 10% of children in ECE are currently in receipt of the CCS.

[35] Note that policy responsibility for the 9-hours component of Childcare Subsidy sits with Oranga Tamariki

The three tables below present the Childcare Subsidy rate (as at 1 April 2025), by gross household income per week, based on the number of children:

You have 1 child

Weekly income, before tax	Hourly rate per child ($)	Weekly rate per child (50 hours) ($)
Less than $1,099	6.52	326
$1,099 to $2,001.99	5.2	260
$2,002 to $2,168.99	3.64	182
$2,169 to $2,335.99	2.03	101.5
$2,336 or more	nil	nil

Source: MSD

You have 2 children

Weekly income, before tax	Hourly rate per child ($)	Weekly rate per child (50 hours) ($)
Less than $1,264	6.52	326
$1,264 to $2,302.99	5.2	260
$2,303 to $2,484.99	3.64	182
$2,485 to $2,669.99	2.03	101.5
$2,670 or more	nil	nil

Source: MSD

You have 3 or more children

Weekly income, before tax	Hourly rate per child ($)	Weekly rate per child (50 hours) ($)
Less than $1,416	6.52	326
$1,416 to $2,568.99	5.2	260
$2,569 to $2,786.99	3.64	182
$2,787 to $3,003.99	2.03	101.5
$3,004 or more	nil	nil

Source: MSD

In April 2022, income thresholds for the Childcare and the OSCAR Subsidies were indexed to changes in the net average wage. As at the end of October 2025, 19,803 children (17,246 caregivers) received the CCS. Total take-up of CCS has declined between July 2014 (29,004 caregivers) and July 2025 (17,343 caregivers).

Since income thresholds were adjusted in 2023[36], total CCS take-up has increased. From 1 November 2024-31 October 2025, MSD paid out $123.507million in CCS payments.

As at the end of October 2025, the largest proportion of children in receipt of the CCS have parents/caregivers in receipt of no MSD benefits (38%), followed by those receiving sole parent support (37%), and non-beneficiaries who qualify for supplementary assistance (e.g. DA, AS, TAS) (16%), Jobseeker Support (4%), and Supported Living Payment (3%).

[36] Policy change to reverse the freeze on income thresholds for childcare eligibility since 2010.

The ethnicity[37] of caregivers in receipt of MSD's CCS as at end of October 2025 is:

- Māori: 36%
- Pākehā: 46%
- Pacific Peoples: 11%
- Asian: 6%
- MELAA: 2%
- Other: 3%
- Unknown: 13%

The 2022/23 Review of Childcare Assistance identified these main issues by parents:

- CCS rates falling behind childcare costs
- Low-income thresholds meaning far fewer families are eligible for CCS than in 2010
- Settings being inflexible and out of step with labour market realities
- Childcare costs remaining a key issue for low-income parents
- Burdensome administrative arrangements
- Interface with 20 Hours ECE is complex

Parents must know about the MSD childcare subsidy and manually apply for it. Prior studies show not all eligible parents know about this subsidy, and among those who do, the bureaucracy that must be dealt with to get it can be a major barrier (Statistics New Zealand, 2017).

Other MSD childcare support

Early Learning Payment (ELP)

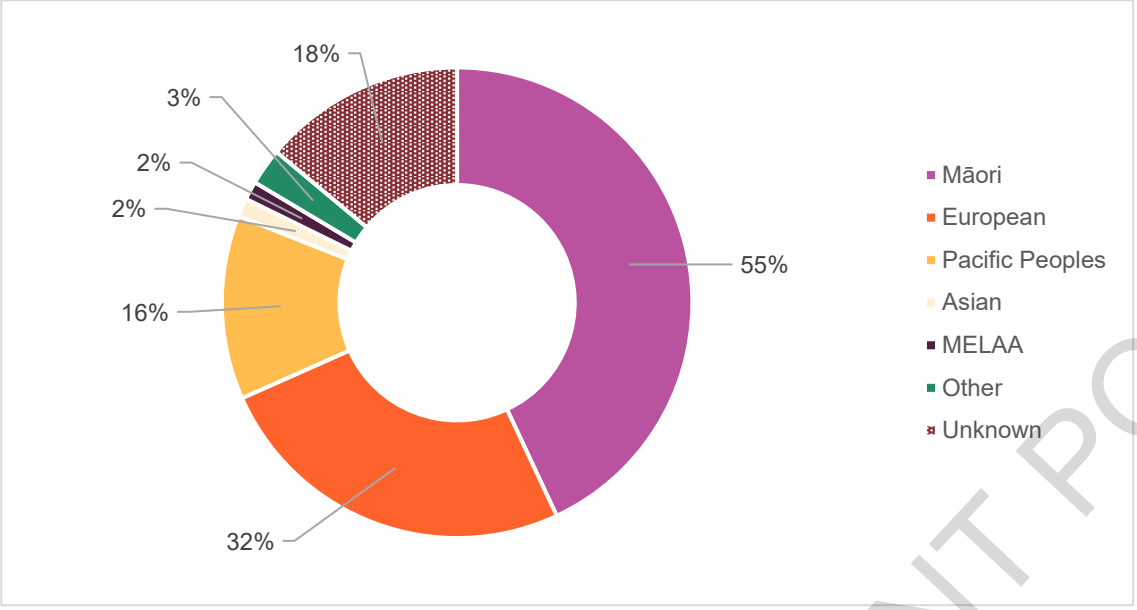
ELP is paid for children aged between 18 and 36 months when their family is enrolled in a Family Start or Early Start programme. Between July 2014-July 2025 take up has risen from 645 caregivers to 1,155 caregivers (paid directly to services).

Guaranteed Childcare Assistance Payment (GCAP)

GCAP is a targeted payment for parents aged 16-19, receiving the Young Parent Payment with a child/children aged under 5 and enrolled in an approved ECE. GCAP covers around 95% of the cost of childcare. In June 2025, 180 children (from 171 caregivers) were receiving the GCAP. 93% of them were aged 0-2. In October 2025, 198 children (from 186 caregivers) were receiving the GCAP. 94% were also in receipt of the Youth/Young Parent Payment.

[37] Note: Ethnicity data is self-identified and multiple ethnicities may be chosen by an individual as fits their preference or self-concept. Total response ethnicity means that if a person identifies with more than one ethnic group, they are counted in each applicable group. MELAA refers to Middle Eastern, Latin American, and African.
'Unknown' is where ethnicity is not recorded. 'Other' is where ethnicities fall outside the reported ethnicities.

Figure 12 Ethnic make-up of parents/caregivers in receipt of GCAP



Source: MSD customised dataset, Ethnicity data is self-identified and multiple ethnicities may be chosen by an individual as fits their preference or self-concept.

Flexible Childcare Assistance (FCA)

Helps with the costs of informal childcare. In June 2025, 135 caregivers received FCA. By October 2025, 132 caregivers received FCA

The weekly rates are:

- $64.02 for one child
- $32.01 for each additional child
- Maximum $192.06 a week.

As at October 2025, on average, FCA pays out $94.84 per household per week. For this same month, 36% of recipients were also receiving Sole Parent Support.

Appendix B: The cost of ECE to parents

Parents Survey

800 households completed the Ipsos parents survey, which comprised 618 parents / caregivers with child(ren) in ECE alongside 182 parents / caregivers with children aged 1-5 not enrolled in ECE. The survey covered 1,439 children aged 0-17 comprised of 498 children aged 0-2 and 530 children aged 3-5. 74% of survey respondents had one-child only aged 0-5 enrolled in ECE.

Hourly cost of ECE

Table 54 Average hourly cost of ECE, households with one-child, by age ($)

Provider	Age	Any hours	Attends 20 hours or less	Attends 21 hours or more
Education & Care	0-2 years	8.33	0	0
	3-5 years	6.04	8.29	5.07
Kindergarten	0-2 years	5.55	0	0
	3-5 years	3.57	4.04	2.83
Homebased	0-2 years	5.26	0	0
	3-5 years	2.79	NA	NA

Source: Ipsos MoE Parents Survey, MoE analysis,
n=422 (breakdown of counts provided in Table 55 below)

Table 55 Household counts: Average hourly cost of ECE, households with one-child, by age

Provider	Age	Any hours	Attends ECE 20 hours or less	>=21
Education & Care	0-2 years	117		
	3-5 years	184	61	123
Kindergarten	0-2 years	20		
	3-5 years	78	48	30
Homebased	0-2 years	12		
	3-5 years	10	8	2

Source: Ipsos MoE Parents survey, MoE analysis, *n=422*

Table 56 Childcare costs as a proportion of household disposable income, households with one child aged 0-2 enrolled in Education & Care, by region

Region	HH Count	Hours	Hourly cost	Weekly HH income after tax	Housing cost	Weekly ECE cost	ECE cost a % of HH disposable income
Auckland	38	20	8.1	2,749	718	162	8%
Bay of Plenty	2	S	s	S	S	S	S
Gisborne	1	S	s	S	S	S	S
Hawkes Bay	2	S	s	S	S	S	S
Manawatu-Whanganui	8	25	7.0	2,115	628	174	12%
Northland	7	21	9.3	1,951	1,020	195	21%
Taranaki	4	28	9.5	2,788	636	267	12%
Waikato	5	24	7.3	1,654	530	174	15%
Wellington	12	25	8.0	3,173	889	200	9%
Canterbury	18	22	9.2	2,014	632	203	15%
Marlborough	1	S	s	S	S	S	S
Nelson	1	S	s	S	S	S	S
Otago	4	12	6.9	2,163	418	83	5%
Southland	0	-	s	-	-	-	-
Tasman	1	S	s	S	S	S	S
West Coast	1	S	s	S	S	S	S
All New Zealand	**105**	**22**	8.1	**2,439**	**694**	**179**	**10%**
Proportion of all surveyed households	**13%**						

Source: Ipsos MoE Parent survey, MoE Analysis. S= results supressed where household count was 1 household. S= values for counts below 2 supressed. Caution, low counts.

Table 57 Childcare costs as a proportion of household disposable income after housing costs, households with one child aged 3-5 enrolled in Education & Care, by region

Region	HH Count	Hours	Hourly cost	Weekly HH income after tax	Housing cost	Weekly ECE cost	ECE cost a % of HH disposable income
Auckland	71	26	6.6	2,360	809	172	11%
Bay of Plenty	3	32	4.4	2,244	708	142	9%
Hawkes Bay	6	19	1.4	1,192	488	26	4%
Manawatu-Whanganui	5	22	1.8	1,885	572	40	3%
Northland	13	26	4.7	1,391	488	123	14%
Taranaki	2	S	s	S	S	S	S%
Waikato	19	28	4.4	1,741	572	122	10%
Wellington	13	27	5.4	2,462	711	146	8%
Canterbury	20	28	5.5	1,774	509	153	12%
Marlborough	0	-	s	-	-	-	-
Nelson	0	-	s	-	-	-	-
Otago	4	30	7.5	1,923	372	224	14%
Southland	2	S	s	S	S	S	S
Tasman	0	-	s	-	-	-	-
West Coast	0	-	s	-	-	-	-
All New Zealand	**159**	**27**	5.4	**2,048**	**671**	**146**	**11%**
Proportion of all surveyed households	**20%**						

Source: Ipsos MoE Parent survey, MoE Analysis *S= values for counts below 2 supressed. Caution, low counts.*

Table 58 Childcare costs as a proportion of household disposable income after housing costs, households with one child aged 3-5 enrolled in all pre-school provider types, by region

Region	HH Count	Hours	Hourly cost	Weekly HH income after tax	Housing cost	Weekly ECE cost	ECE cost a % of HH disposable income
Auckland	134	27	5.6	2,178	855	151	11%
Bay of Plenty	8	29	3.9	1,951	584	112	8%
Gisborne	1	40	5.1	4,327	1000	204	6%
Hawkes Bay	10	20	1.0	1,111	645	20	4%
Manawatu-Whanganui	14	24	2.4	1,566	550	60	6%
Northland	21	29	4.1	1,438	457	119	12%
Taranaki	6	16	5.5	1,462	478	89	9%
Waikato	34	26	4.3	1,608	555	113	11%
Wellington	36	28	4.2	2,304	713	120	8%
Canterbury	36	30	4.9	1,804	558	145	12%
Marlborough	1	25	0.0	962	610	0	0%
Nelson	0						
Otago	10	31	6.9	1,750	384	213	16%
Southland	3	22	0.8	1,603	474	18	2%
Tasman	5	28	1.3	2,861	527	37	2%
West Coast	2	8	0.0	1,827	305	0	0%
All New Zealand	**321**	**27**	4.8	**1,946**	**687**	**128**	**10%**
Proportion of all households	**40%**						

Source: Ipsos MoE Parent survey, MoE Analysis *S= values for counts below 2 supressed. Caution, low counts.*

Table 59 Childcare costs as a proportion of household disposable income after housing costs, Education & Care, by child age and household type

Household type	Age	HH Count	Hours	Hourly cost	Weekly HH income after tax	Housing cost	Weekly ECE cost	ECE cost a % of HH disposable income
Single parent	**0-2 years**	3	18.67	2.4	897.44	475	44.00	10%
	3-5 years	19	26.39	4.9	1,295.25	555	129.05	17%
Couple	**0-2 years**	92	22.62	8.5	2,515.13	719	192.49	11%
	3-5 years	125	26.94	5.5	2,162.27	715	149.15	10%

Source: Ipsos, MoE Parent survey, MoE Analysis. *Caution low counts*

Kindergarten

Table 60 Childcare costs as a proportion of household disposable income after housing costs, Kindergarten, by child age and household type (average)

	Age	HH Count	Hours	Hourly cost	Weekly HH income after tax	Housing cost	Weekly ECE cost	ECE cost a % of HH disposable income
Single parent	**0-2 years**	0	-	-	-	-	-	-
	3-5 years	9	20	2.3	1,058	512	45	8%
Couple	**0-2 years**	16	17	8.5	1,869	820	144	14%
	3-5 years	46	19	3.7	2,051	767	70	5%

Source: Ipsos, MoE Parent survey, MoE Analysis *Caution low counts*

Childcare Subsidy

Table 61 Average cost of childcare before and after CCS, by benefit type, October 2025

	Number of children	Weekly provider charged rate	Out-of-pocket cost
No Benefit	7,434	162	53
New Zealand Superannuation	30	110	20
Emergency Maintenance Allowance	63	123	22
Sole Parent Support	7,338	116	19
Supported Living Payment	690	137	23
Youth/Young Parent Payment	312	157	14
Jobseeker Support Student Hardship	15	191	48
Emergency Benefit	27	131	38
Jobseeker Support	708	95	16
Non-Beneficiary	3,189	156	34
Total	**19,800**	**141**	**34**

Source: MSD customised data set and MoE Analysis

Table 62 Average cost of childcare before and after CCS, by region, October 2025

Provider region	Number of children	Weekly provider charged rate	Out of pocket cost
Northland	810	133	29
Auckland Metro	4,605	152	38
Waikato	2,067	138	28
Taranaki	945	130	31
Bay of Plenty	2,211	124	25
East Coast	1,485	137	27
Central	1,416	148	41
Wellington	900	169	47
Nelson	513	122	40
Canterbury	1,911	126	34
Southern	1,191	130	37
Other	1,749	155	40
Total	**19,800**	**141**	**34**

Source: MSD customised data set and MoE Analysis

Table 63 Average cost of childcare before and after CCS, by hours attended, October 2025

Hours attended	Number of children	Proportion of children	Average weekly provider charged rate	Average weekly out-of-pocket cost
0-10	5,649	29%	64.99	13.27
11-20	1,821	9%	114.64	31.66
21-30	5,070	26%	132.81	36.61
31-40	4,266	22%	188.98	49.08
41-50	2,997	15%	242.66	50.39
Total	**19,800**	**100%**	**140.54**	**34.27**

Source: MSD customised data set and MoE Analysis

GCAP (CCS)

Table 64 Average cost of childcare before and after GCAP, by provider attended, October 2025

	Number of children	Weekly payable rate	Weekly provider charged rate	Out of pocket cost
Child Care Centre	150	181	191	10.3
Home-based	3	196	216	20.3
Kindergarten	33	165	175	10.4
Te Kohanga Reo	9	133	134	0.6
Total	**198**	**173**	**183**	**9.9**

Source: MSD customised data set and MoE Analysis

Table 65 Average cost of childcare before and after GCAP, by region, October 2025

	Number of children	Weekly payable rate	Weekly provider charged rate	out of pocket cost
Northland	9	166	183	17
Auckland Metro	27	179	185	6
Waikato	18	183	189	6
Taranaki	15	162	163	2
Bay of Plenty	18	174	193	19
East Coast	15	187	203	16
Central	24	113	118	5
Wellington	30	208	223	15
Nelson	6	197	214	17
Canterbury	24	187	190	3
Southern	3	287	326	39
Other	3	285	308	23
Total	**198**	**173**	**183**	**10**

Source: MSD customised data set and MoE Analysis

Table 66 Average cost of childcare before and after GCAP, by parent/caregiver's benefit, October 2025

	Number of children	Weekly payable rate	Weekly provider charged rate	out of pocket cost
No Benefit	9	123	129	7
Sole Parent Support	3	157	158	1
Youth/Young Parent Payment	186	172	181	10
Jobseeker Support	3	200	217	16
Non-Beneficiary	3	72	83	12
Total	**198**	**173**	**183**	**10**

Source: MSD customised data set and MoE Analysis

Table 67 Average cost of childcare before and after GCAP, by hours attended, October 2025

Hours	Number of children	Proportion	provider charged rate	Out-of-pocket cost
0-10	6	3%	58.17	8.33
11-20	15	7%	118.87	7.73
21-30	93	46%	177.60	10.31
31-40	84	42%	204.94	8.96
41-50	3	1%	133.33	24.67

Source: MSD customised data set and MoE Analysis

Table 68 "Which of the following reason/s best describe why they do not attend ECE", by child age

	Age 0	Age 1	Age 2	Age 3	Age 4	Age 5	Any Age
Cost is too high / expensive	20%	24%	20%	25%	31%	31%	24%
I prefer to stay home and look after my child/ren myself	20%	25%	22%	12%	25%	25%	22%
I have someone (e.g. partner, parent, relative, whanau) who can look after my child/ren	20%	17%	20%	12%	19%	19%	18%
Lack of space / availability (e.g. long wait list, unable to enrol)	10%	9%	8%	5%	2%	2%	7%
Scheduling (e.g. ECE not available on the days / times needed)	6%	5%	7%	7%	3%	3%	5%
Child is TOO YOUNG	8%	5%	3%	2%	2%	2%	4%
Transportation	3%	3%	2%	3%	3%	3%	3%
Prior experience (didn't suit my family / didn't work for my child/ren)	1%	2%	2%	2%	5%	5%	2%
Child is at school	1%	0%	4%	8%	2%	2%	2%
There is no ECE near me	1%	1%	0%	2%	2%	2%	1%
There is no ECE near me offering acceptable safety / care	3%	1%	2%	2%	0%	0%	1%
There is no ECE near me offering quality education / care	0%	0%	5%	0%	2%	2%	1%
There is no ECE near me that meets my child/ren's cultural / language needs	1%	1%	1%	2%	2%	2%	1%
Meets my educational philosophy	1%	1%	1%	5%	0%	0%	1%
Disability needs	0%	1%	0%	3%	2%	2%	1%
Child WILL GO/start at ECE soon	3%	1%	1%	0%	0%	0%	1%
Still on PARENTAL LEAVE	3%	1%	0%	3%	0%	0%	1%
VACCINATION	2%	1%	0%	3%	0%	0%	1%
Other	0%	1%	2%	3%	2%	2%	1%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Count	**117**	**213**	**103**	**59**	**59**	**59**	**610**

Source: Ipsos MoE Parents Survey

Summary of Wellington fee data collected by Stuff

In March 2025, a Wellington based Stuff reporter collected parent fee information via Wellington Facebook community pages. The responses provided show that the cost ranges by centre. Some appear much more affordable than others. Below is a synthesis of the reposes they received:

5-day week Education & Care

Note assumptions have been made that the below apply to Education & Care

- "Lower Hutt Central they range from $360 - $430 a week for 5 days for under 3's. Food is included though".
- "It is going to cost us $415 a week (5 days, 7.30 - 5.30) to put my 6-month-old daughter in daycare"
- "We pay $415 a week in Petone and that is 5 days a week 7.30am - 5.30pm with food, wipes, and activities (and supplies) all included for one child under 3. We supply nappies. "
- "$250 approx. a week for a 4-yr old, full-time care and meals included"
- We pay $330 a week for full time (5 days), 0730-1700, 1 child under 3.
- $339pw for 4yo full-time (they're open 7.30-5.30), all food included. In a suburb next to the city centre.
- We pay $261 per week for full time for our 3-year-old. Hours are flexible between 7.30am - 6pm. All food provided. It was $342 before the free 20 hours kicked in.
- $395 a week for 5x days a week, 8.30am - 5pm. This is the subsidised over 3yr cost. We provide all food, nappies, wipes and he wears a mandatory uniform
- We pay $417 a week for 45 hours daycare for an <3yr old. This includes all food and washing of their clothes and reusable nappies.
- 3-year-old $428 per fortnight for 40 hours a week (so that's after the free hours)
- We pay $209 per week for a 3-year-old, that's after the '20 hours free'. No food included. 5 days, ECE in Naenae.

Two children, any days

- We'll be looking to pay roughly $600 a week for 13m old twins to attend ECE 8-5.30pm, 3 days a week. Required to provide our own main meals and nappies"
- $585 a week for a 2-year-old (5 days a week 8.30-3.30) and 1 year old (4 days a week 8.30-3.30)
- Two children under 2. 2 days a week. Full days 8.00 - 4.00 but paying 7.30 - 5.30. Food included $340.
- We pay 585$ in total, for two kids. One is over 3 and the other is under. That is for 5 days a week full time. 1 week a year cost half price, otherwise pay all other weeks of the year. No lunch included, no nappies included, only wipes included.
- Another couple from an older Stuff 2022 article is in $3000 of debt with their childcare provider after struggling to pay $500 a week for their two children. Once the oldest turned 3 his costs reduced to $170 a week, with $245 for the younger child. But the middle-income couple, who work as a painter and a legal secretary and earned $107,000 combined last year, struggled to pay

Kindergarten

- "We pay $60 for 5 days of kindergarten for my 4-year-old and my 2-year-old is also at kindy and is currently free - he is getting the 20 free hours even though he's 2, for 3 days. We're moving both boys to 5 days and it'll be $120 for both of them for the week."

- We pay $140 a term for 2 days at Kindy for 1 child ($60) and 3 Playcentre sessions for 2 kids ($80).
- We pay $40 a week for 4 days at kindy 8.30 - 2.30pm.
- I pay $16 a week for my 4-year-old to attend kindy 8:30am - 2:30pm but this is after the 20 hours ECE

Range of days used/days unknown

- 72.50 per day for under 3s, goes to $11.50 an hour once they turn 3 and get the 20 hours free. We supply nappies and lunch, they provide crackers and fruit for morning and afternoon tea
- "We pay $208 per week for 3 days 7.30-5.30 with the '20 hours free'"
- "$400 per week for an under 2"
- Preschool is $240 a week for four days 8-5.30 - that is after the 20 hours subsidy.
- We pay $330 p/w, in the city for my 1y old daughter. We supply everything for her - food, nappies, wipes, etc. This is one of the more affordable options in our area. We don't mind paying this when quality education is taking place. She is happy and her development is great. We had to cut our budget in other areas, because we also have a son going to a state integrated school.
- We pay $377 for 8.5 hours 4 days per week for our 20-month-old
- $163, amazing day care, kids are fed and so happy, 830-330 Tuesday - Friday!
- We pay $303 a week and provide everything. Based in Lower Hutt
- $208 per fortnight for 3 full days (10 hrs) of care
- We pay $278 per week for 3 days (1 year old) and $130 per week for 3 days for our 3-year-old - including all meals for both kids (Lower Hutt based).

Homebased

- Youngest is in home-based and is roughly $300 for three 9hr days a week.
- I pay $11 an hour for our in home child care, we have our 19mnth old in 2 days a week from 9-3.

Appendix C: Household demographics Ipsos MoE Parents Survey

Table 69 Age of children covered in the Ipsos MoE Parents Survey, grouped by ages 0-5

Age	Child count	Proportion of children	Proportion of households
0	115	11%	14%
1	176	17%	22%
2	207	20%	26%
3	208	20%	26%
4	200	19%	25%
5	122	12%	15%
Total	**1,028**	**100%**	**129%**
Households	***800***		

Source: Ipsos MoE Parents Survey

Table 70 Number of dependent children (aged 0-18) per household for those who completed the Ipsos MoE Parents Survey

Number of children	Families	% of total
1	351	44%
2	321	40%
3	84	11%
4	29	4%
5	12	2%
6	3	0%
Total	**800**	**100%**

Source: Ipsos MoE Parents Survey

Table 71 Number of households with one child aged 0-5, grouped by the number of older dependent children aged 6-18 years

Aged 0-5	Aged 6-18	Households	%
1	0	354	44%
1	1	164	21%
1	2	51	6%
1	3	16	2%
1	4	4	1%
1	5	1	0%
1	6	0	0%
Total		*590*	74%

Source: Ipsos MoE Parents Survey

Table 72 Number of households with two children aged 0-5, grouped by the number of older dependent children aged 6-18 years

Aged 0-5	Aged 6-18	Households	%
2	0	154	19%
2	1	24	3%
2	2	11	1%
2	3	4	1%
2	4	1	0%
2	5	0	0%
2	6	0	0%
Total		194	24%

Source: Ipsos MoE Parents Survey

Table 73 Number of households with three children aged 0-5, grouped by the number of older dependent children aged 6-18 years

Aged 0-5	Aged 6-18	Households	%
3	0	9	1.1%
3	1	2	0.3%
3	2	3	0.4%
3	3	0	0.0%
3	4	0	0.0%
3	5	0	0.0%
3	6	0	0.0%
Total		14	1.8%

Source: Ipsos MoE Parents Survey

Appendix D: Understanding low incomes from FamilyBoost/IR data

Around 7,255 families who claimed Family Boost in the quarter ending September 2025 had taxable incomes below benefit levels (as estimated using Treasury's Income Explorer). These can largely be explained since Family Boost is calculated using taxable income only. Non-taxable support from the crown like the payments listed below are not included in the definition of taxable income and therefore not used in the Family Boost calculation.

Table 74 Non-taxable support not included in FamilyBoost incomes

Payment	Eligible For
Accommodation Supplement	Rent, board, or home costs
Temporary Additional Support (TAS)	Essential living costs (up to 13 wks)
Income-Related Rent Subsidy (IRRS)	Social housing rent subsidy
Emergency Housing SNG	Urgent housing needs
Child Disability Allowance	Primary caregiver of a severely disabled child
Disability Allowance	Health-related additional costs
Job & Training Support Funds	Supports to stay in/enter employment/training
Best Start	
Family tax credit	
In-work tax credit	
Minimum family tax credit	
Independent earner tax credit	
Winter energy payment	

Source: IR

- The chart below shows the distribution of income sources for those with low quarterly incomes below benefit levels in receipt of FamilyBoost.
- Unlike FamilyBoost income data, the Treasury's Income Explorer includes all benefit entitlements like WFF, winter energy, best start, accommodation supplement, MFTC, IFTC. Therefore, we can estimate what the minimum family income would be for families entitled to these non-taxable benefits and use these figures as our estimate household income floor. Therefore, we can estimate using the Treasury Income Explorer data that a single parent with household income below $11,774 is likely not in work. A two-parent household earning less than $15,655.2 would indicate both parents not in work)

Table 75 Main source of income for FamilyBoost recipients, September 2025

Quarterly taxable income	Benefit	Business income	Student	Super	Wage	Other	Total
0-$5,000	88	103	6		211	332	740
$5,000 to $10,000	5,219	244	74	6	888	84	6,515
$10,000 to $15,000	828	374	88	9	2,608	109	4,016
$15,000 to $20,000	81	496	24		3,738	60	4,399
$20,000 to $25,000	18	542	11		3,943	41	4,555
$25,000 to $30,000	8	652			5,158	43	5,861
$30,000 to $35,000	11	705			6,477	42	7,235
$35,000 to $40,000		612			7,300	19	7,931
$40,000 to $45,000		484			6,409	15	6,908
$45,000 to $50,000		295			4,925	10	5,230
$50,000+		255			4,310	c	4,565
Total	6,253	4,762	203	15	45,967	755	57,955

Source: IR

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New Zealand Government

Demand side analysis, including ECE costs and affordability for households

Overview of project plan

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Research question

To understand more about the “demand side” picture for ECE and in particular the factors that influence household decisions on enrolment into ECE including the extent to which (and for whom) ECE can be considered to be affordable, by reference to the current costs to parents of ECE participation relative to their income.

The literature review included:

- Understanding what is meant by ‘affordability’ in ECE
- Why parents make the decision to take-up or not take-up ECE
- The impact of price on the demand for ECE
- The impact of price on parents’ labour market participation
- The interaction of price and non-price factors on ECE demand

The data analysis:

- What do households pay for ECE and what does the analysis of ECE costs mean for ECE affordability to parents/caregivers?
- What support do households receive to help pay ECE fees?
- What drives household decisions to use ECE and the amount of ECE used?
- What funding solutions, within the parameters of the Terms of Reference, best support ECE affordability to parents/caregivers?

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Table 1 Comparison of average before-subsidy and after-subsidy weekly cost of ECE across MSD, IR, and the parents survey

	MSD, CCS (October 2025)		IR, FamilyBoost (Quarter ending September 2025)		Parents Survey (21 November–8 December 2025)	
	Weekly provider charged rate ($)	Out-of-pocket cost ($)	Weekly provider charged rate ($)	Out-of-pocket cost ($)	Out-of-pocket cost ($)	Parent Survey HH Count
Child Care Centre*	146	38	-	-	-	-
Day Care Centre*	110	23	-	-	-	-
Education & Care	-	-	202	153	166	369
Home-based	151	28	160	112	84	34
Institution	150	41	-	-	-	-
Kindergarten	81	12	83	58	86	134
Playcentre	8	0	-	-	51	59
Te Kōhanga Reo	112	15	120	77	85	21
Aged 0-2	141	34	177	129	174	269
Aged 3-5	128	34	121	84	128	321
Total	141	34	141	100	152	537

- **The average amount that households are invoiced each week by providers is broadly consistent across the three key sources.**
- CCS and FB data -average weekly pre-subsidy cost of ECE as $141, while parent survey higher average cost of $152.
- CCS data and survey responses estimate the same average weekly cost for children ages 3-5 of $128.
- Similarities across the different data sets shows that we can be cautiously confident that the finding from the Ipsos MoE Parents Survey are representative at a high level.
- Indicates that the cost of ECE provided in the CCS administrative data is broadly indicative of costs for families more generally.

Evidence suggests that affordability can significantly influence if and how much parents access ECE, though the extent of impact on demand varies. (1 of 2)

- Most studies from the literature review found positive effects of a reduction in price on the hours of ECE consumed, but mixed (small to negligible) effect on new enrolments. The larger the reduction in cost, the larger the response.
- Personal preference for the mix of parental, family, informal and formal care, availability, travel time, and quality are also factors of demand.
- Over half of respondents to the Ipsos MoE Parent Survey indicated they would use more ECE and would have returned to work sooner if the price were lower.
- 44% agreed that they chose their ECE centre based on cost rather than preference.

Evidence suggests that affordability can significantly influence if and how much parents access ECE, though the extent of impact on demand varies. (2 of 2)

- (CCS) children more likely to attend ECE for 30 hours or– 37% (CCS) compared to 12%. This suggests that three things could be happening;
  - (1) that there is some un-met demand in ECE consumption from New Zealand households not in receipt of the CCS subsidy.
  - (2) that the work conditions placed on accessing the CCS are driving this difference in hours used.
  - (3) Households who work higher hours are more likely to apply for the CCS as they perceive it to be more worth their time.

No standard definition for what is considered affordable ECE, however international approaches can help provide a point of comparison

- The United States (US) Department of Health and Human Services (HHS) define affordability at 7% of a low-income working household's income after childcare subsidies (income burden metric).
- Canada has a goal for childcare costs to not exceed $10 a day for parents by 2025-26, for all regulated childcare spaces (price cap metric).
- Sweden places limits on childcare costs as a percentage of gross family income starting at 3% for one child (up to a cap), 2% for the second child, 1% for the third child, and no copayment for subsequent children (income-based fee cap).

Evidence from the OECD suggests that New Zealand has the 4th highest ECE costs relative to income compared to other countries after subsidies.

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FamilyBoost analysis indicates that NZ ECE costs, after subsidies, range from 3-10% of before tax-household income, differing between age of child and lower-higher income households. (1 of 2)

Table 6 proportion of average household income spent on ECE, 0-2 year olds, quarterly values ending September 2025

Mid-range quarterly HH income before tax ($)	Total Invoice (Customer Input) ($)	Household count	% of HH Income before rebate	% of HH Income after rebate
17,500	1,817	1,358	**10%**	**7%**
22,500	1,867	1,588	8%	5%
27,500	2,104	2,186	8%	5%
32,500	2,335	2,813	7%	5%
37,500	2,650	3,116	7%	5%
42,500	2,840	2,645	7%	5%
47,500	2,993	2,064	6%	5%
52,500	3,210	1,362	6%	5%
57,500	3,311	419	6%	6%

Table 7 …. 3-5 year olds….

Mid-range quarterly HH income before tax ($)	Total Invoice (Customer Input) ($)	Household count	% of HH income before rebate	% of HH Income after rebate
17,500	1,276	2,287	**7%**	**5%**
22,500	1,315	2,225	6%	4%
27,500	1,421	2,752	5%	3%
32,500	1,530	3,192	5%	3%
37,500	1,682	3,484	4%	3%
42,500	1,816	2,981	4%	3%
47,500	2,020	2,119	4%	3%
52,500	2,123	1,369	4%	3%
57,500	2,155	421	4%	4%

- Lower income households (less than $20,000 per quarter) pay a higher 5-10% of their before-tax household income on ECE after receiving the rebate.
- Medium-to-higher-income households appear to pay a lower 3-6% proportion of their before-tax household income on ECE after the rebate.
- Clustering of after rebate out-of-pocket costs around 5-10% for lower-income households, could suggest this is where households' ability and/or willingness to pay sits.
- This is somewhat comparable to the US 'benchmark' of 7%.

FamilyBoost analysis indicates that NZ ECE costs, after subsidies, range from 3-10% of before tax-household income, differing between age of child and lower-higher income households (2 of 2)

Table 8 FamilyBoost: proportion of average household income spent on ECE, households estimated to be in receipt of a benefit, quarterly values ending September 2025

Treasury's Income Explorer Estimates			IR FamilyBoost data					
QUARTERLEY	Age	* Estimated quarterly income ($)	Total invoice (customer input) ($)	Average rebate paid ($)	Out of pocket cost ($)	HH count	% of HH income before rebate	% of HH Income after rebate
Single parent, not in work/on a benefit	0-2	11,723	1,916	695	1,222	229	16%	10%
	3-5	10,750	1,664	616	1,048	378	15%	10%
Couple not in work/on a benefit	0-2	14,457	1,916	695	1,222	229	13%	8%
	3-5	13,498	1,664	616	1,048	378	12%	8%

Source: IR customised dataset and MoE analysis. *N=1,214*

**Incomes are estimated from the Treasury's Income Explorer using a model family architype.*

Those with the lowest household incomes pay the largest portion of their income on ECE than those with highest incomes

The average weekly value of the FamilyBoost rebate in October 2025 was $42.

Averages by income band, ranged from $6-$66 depending on household income, invoice amount, and number of children.

The rebate reduced the proportion of before-tax household income spent on ECE from 4-16% to 3-10%

FamilyBoost appears to be having an impact on reducing childcare costs for families in receipt

Average weekly cost of ECE, before and FamilyBoost subsidy by number of children

Weekly: Qtr. ending Sept 2025	Provider charge rate				Out-of-pocket-cost			
	one child	two children	three children	All	one child	two children	three children	All
Education & Care Service	149	224	234	202	106	170	182	153
Free Kindergarten	60	111		83	41	79		58
Homebased Network	139	185		160	97	130		112
Leo o Fanau Moana Bilingual	82	139		98	52	97		64
Puna Reo	114	112		114	77	73		77
Reo Rua Education and Care	111	104		110	69	68		69
Te Koohanga Reo	97	156		120	62	100		77
All Providers	112	176	234	141	78	129	182	100
HH Count	***39,903***	***9,378***	***400***	***49,681***	***39,903***	***9,378***	***400***	***49,681***

- The average weekly value of the FamilyBoost rebate in October 2025 was $42.
- Averages by income band, ranged from $6-$66 depending on household income, invoice amount, and number of children.
- The rebate reduced the proportion of before-tax household income spent on ECE from 4-16% to 3-10%

CCS appears to be having an impact on reducing childcare costs for families in receipt….

Table 26 Average weekly cost of ECE, before and after CCS, for children attending 50 hours, October 2025

50 hours used	Number of children	Weekly provider charged rate (before subsidy)	Weekly Out-of-pocket cost	Daily Out-of-pocket cost
No	18,882	$134.65	$34.27	$6.80
Yes	921	$260.86	$39.79	$7.96
All children	19,803	$140.52	$34.27	$6.85

Source: MSD customised data set and MoE analysis.
Number of children receiving Childcare Subsidy (CCS) as at end of October 2025. Maximum entitlement is based on the child(ren) having the 50 hours attendance. Daily out-of-pocket-cost assumes a 5-day week attendance.

- The average weekly out-of-pocket costs **per child** in receipt of the CCS sat at an estimated $34.27
- The average weekly invoice amount **per household** was $39.35.
- 5% of those in receipt of the CCS received the maximum entitlement of 50 hours per week
- Those in receipt of MSD's CCS could be considered to have affordable access to ECE as they pay on average $7.96 per day for a 50-hour week– below the Canadian goal of $10 dollars per day (equal to $12.27NZD).
- A family can then go on to claim FamilyBoost for their remaining out-of-pocket costs, meaning that one family would need to interact with both MSD and IR to receive the full level of support available for their childcare costs.

…. however uptake for CCS & FB are low in comparison to estimated eligibility.

Table 29 The number of children and families/caregivers participating in ECE and in receipt of an ECE subsidy/rebate, June 2025

Age	StatsNZ Population Estimates	Participation in licensed ECE	FamilyBoost (July-Sept 2025)	CCS	GCAP	ELP	FCA
0 Years	57,680	9,518	1,897				
1 Years	56,840	28,051	9,626	12,189	168		
2 Years	57,640	40,580	13,311			1,149	
3 Years	62,290	54,199	13,784				
4 Years	63,050	56,576	13,396	7,722	12		
5 Years	62,920	4,580	3,382				
Age unknown		21	11,282				
Total children	360,420	193,525	66,678	19,911	180	Unk	Unk
Total Families	243,087*	162,000**	59,430	17,301	171	1,149	135
Estimated families entitled	NA	NA	127,000	82,995***			

45% of children in ECE were in receipt of one of five subsidies

- Exploratory MoE estimates suggest that there are an estimated 65,694 families entitled to MSD's CCS that currently are not in receipt.
- This suggests that barriers such as lack of awareness, administrative complexity, or mismatches between programme design and family circumstances are limiting uptake.
- Current uptake for FamilyBoost (quarter ending September 2025) sits at 47%, IR estimates an eventual uptake of FamilyBoost by 71% equal to 92,000 households, which leaves a shortfall of 32,570 households.

Reasons for non participation

Age	Participation rate
0 Years	17%
1 Years	49%
2 Years	70%
3 Years	87%
4 Years	90%
5 Years	7%
Aged 1-4	**75%**

Based on population estimates and Education Counts enrolments

77.3% of Ipsos survey enrolled in ECE - compared to 75% (left)

Indicates a 25-22.7% non participation rate for children aged 1-4. Made up of:

- 5.4% of all children are not attending any formal childcare because their parents found it too expensive
- 11.4 % personal preference to stay home/ or have family stay home
- 3.6% lack of space, availability, or scheduling
- 2.3% other reasons including transport, safety concerns, vaccinations, a bad prior experience (more next slide)

11% of children not enrolled in ECE is due to being to young or the parent is still on parental leave – drops to 6% aged 1.

Table 62 Which of the following reason/s best describe why they do not attend ECE

Reason given	Age 0	Age 1	Age 2	Age 3	Age 4	Age 5	Any Age
Cost is too high / expensive	20%	24%	20%	25%	31%	31%	24%
I prefer to stay home and look after my child/ren myself	20%	25%	22%	12%	25%	25%	22%
I have someone (e.g. partner, parent, relative, whanau) who can look after my child/ren	20%	17%	20%	12%	19%	19%	18%
Lack of space / availability (e.g. long wait list, unable to enrol)	10%	9%	8%	5%	2%	2%	7%
Scheduling (e.g. ECE not available on the days / times that you wanted or works with your schedule)	6%	5%	7%	7%	3%	3%	5%
Child is TOO YOUNG	8%	5%	3%	2%	2%	2%	4%
Transportation	3%	3%	2%	3%	3%	3%	3%
Prior experience (didn't suit my family / didn't work for my child/ren)	1%	2%	2%	2%	5%	5%	2%
Child is at SCHOOL	1%	0%	4%	8%	2%	2%	2%
There is no ECE near me	1%	1%	0%	2%	2%	2%	1%
There is no ECE near me offering acceptable safety / care	3%	1%	2%	2%	0%	0%	1%
There is no ECE near me offering quality education / care	0%	0%	5%	0%	2%	2%	1%
There is no ECE near me that meets my child/ren's cultural / language needs	1%	1%	1%	2%	2%	2%	1%
Meets my educational philosophy	1%	1%	1%	5%	0%	0%	1%
Disability needs	0%	1%	0%	3%	2%	2%	1%
Child WILL GO/start at ECE soon	3%	1%	1%	0%	0%	0%	1%
Still on PARENTAL LEAVE	3%	1%	0%	3%	0%	0%	1%
VACCINATION	2%	1%	0%	3%	0%	0%	1%
Other	0%	1%	2%	3%	2%	2%	1%
Total	100%	100%	100%	100%	100%	100%	100%
Count	**117**	**213**	**103**	**59**	**59**	**59**	**610**

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A prior bad experiences increases from 1% to 5% of children not enrolled by age 4

Making ECE more affordable could impact on labour market participation (1 of 3)

- New Zealand and overseas evidence indicate that the primary reason parents decide to enrol their child in ECE is to support maternal employment.
- Willingness to pay for childcare is driven by the opportunity cost to parents and guardians of not returning to work. This opportunity cost includes forgone wages in the present and negative impacts on future wealth (ACCC) (2023).
- Price has larger impact on the number of hours worked by already employed parents than on labour market participation rates of parents.
- Price has a greater impact on childcare use than on maternal employment, even when the subsidies include a requirement that the parent be employed.

Making ECE more affordable could impact on labour market participation (2 of 3)

The more affordable the childcare is – especially for a full day– the larger the impact on maternal employment.

International studies found that:

- Subsidising ECE costs by a minimum of 25% lead to an average increase of 2 hours worked per week.
- Subsidies covering a full-day (6.6 hours per day) lead to an increase of 2.5 hours worked per week,
- A study into universal pre-kindergarten (10 hours per day) found an increase in parents' hours of 12.8 per week.

Making ECE more affordable could impact on labour market participation (3 of 3)

Respondents to the Ipsos MoE Parent Survey :

- Over 47% said that the cost of ECE means they are working or studying less than what they would like,
- 37% said that the cost of ECE has stopped them from returning to work or study,
- Over 52% said they would work more hours if the cost of ECE was lower.

- This suggests there is a link between affordability of ECE costs and labour market participation in New Zealand.

The availability and operating hours of services is another major factor that can impact if and how much ECE is consumed (1 of 2)

- While parents often consider price first, this is usually followed by practical considerations such as the proximity and availability of services that meet family needs.
- Quality considerations are important but only where there is a choice of services in the local market.
- Findings from the Ipsos MoE Parents Survey shows that many parents/caregivers had difficulty finding a service that is open/had available space for the hours they need.
- Almost half had been put on a waitlist.
- 16% of those with children not enrolled in ECE said that it was due to a lack of space, availability, or scheduling.
- Similarly, the literature review included research indicating childcare providers do not cater well to the nearly 50% of New Zealand working mothers of young children who work irregular hours (Sin, 2022).

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Alongside affordability, the availability and operating hours of services is another major factor that can impact if and how much ECE is consumed (2 of 2)

- ECE policy and funding settings should encourage and enable ECE participation, with consideration of child outcomes alongside labour market goals, while remaining respectful of parent's choice about whether and how much their child participates.
- Key, non-price related barriers to ECE participation included a lack of choice, inflexible care arrangements, poor access and personal preference (e.g. wanting to develop stronger bonds with their children and/or having a parent, friend or relative care for children)
- Literature also indicates that families who do not participate in ECE typically have lower incomes, are more likely to be unemployed or not in the labour force, be receiving income support, and have lower levels of education than those who do participate.
- Non-users are also more likely to have traditional views about parental roles and women's labour force participation, have younger children, or have a child with a major health issue (PCA 2024).

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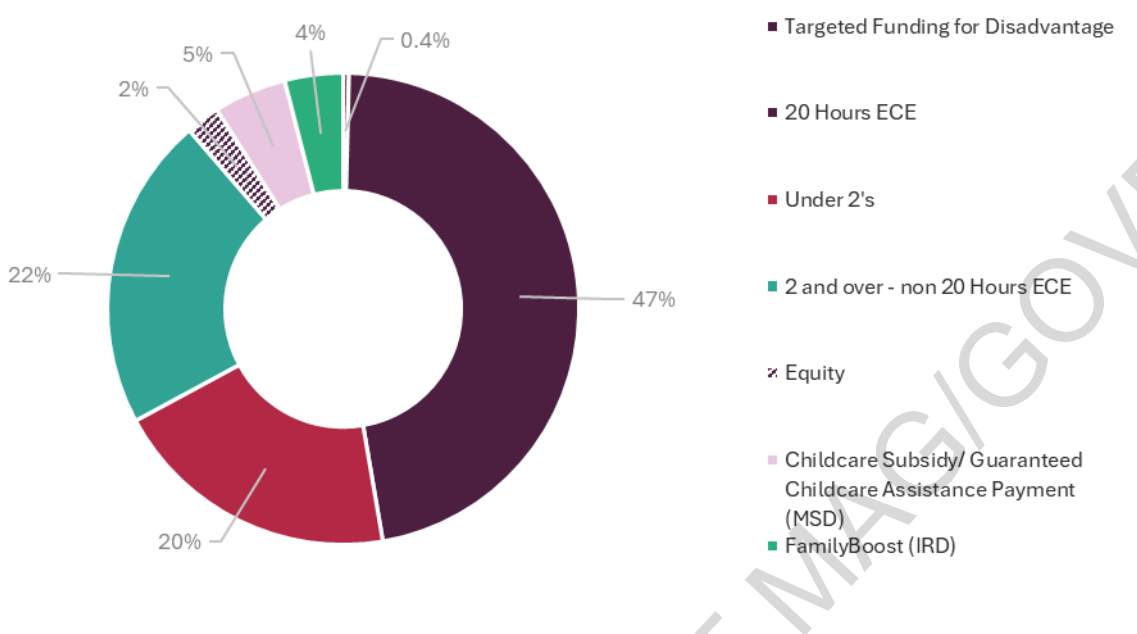
Considerations for influencing ECE costs and affordability for families

Figure 1 Allocation of ECE funding by programme and government agency



- An overall funding system is generally comprised of number of complementary funding types which, in combination, are designed to meet the goals and objectives of the system.
- Both 20 Hours ECE and the ECE Subsidy are universally applied.
- Together, these account for 89% of all MoE funding for ECE.
- Made up of 47% and 42% of government funding for ECE respectively

Where to target government support for families and how much

- There are choices to be made around where to target government support, which could also influence how much support to provide within the given fiscal envelope. Targeted, objective-driven, ECE funding can support both efficiency and effectiveness of ECE resourcing.
- Large support for a small group, or smaller support for a big group
- The MAG may wish to consider what the appropriate income thresholds may be for additional government assistance. For example, a household with two parents both working full-time and earning the living wage would take home an estimated $96,367 after-tax annually (or $112,905 before-tax).
- Children from low-income households where parents do not work, currently face a noticeable barrier to accessing affordable ECE. These are the same children who research suggests would benefit the most from ECE participation. These households as a whole would also benefit from labour market participation.
- Some countries, such as Australia and Ireland, provide support for childcare costs for those seeking work.

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What funding approaches could support ECE affordability for families (1 of 3)

The MAG could consider changes that range from tweaks to existing policies (CCS, FamilyBoost, the ECE Subsidy, 20 Hours ECE, and other targeted funding pots) or larger scale change. The former could include changes to targeting/eligibility and the level of support provided, or changes to existing settings/administrative requirements designed to improve uptake.

Addressing the gap between eligibility and uptake of CCS and FB could have a positive impact on ECE costs for eligible non-recipient families, suggesting there is scope for improvements within the current system architecture. This would have fiscal implications if uptake is driven above budgeted forecasts and therefore could be looked at alongside choices on targeting and the level of support provided.

Consideration could be given to shifting focus to encouraging take-up of the CCS and FamilyBoost for low-income households, over the high-income threshold currently applied to FamilyBoost.

What funding approaches could support ECE affordability for families (2 of 3)

- Current settings for 20 Hours ECE could also be considered. This could include, expanding 20 Hours ECE— for example the UK has 30 hours free for 3–4-year-olds and 15 hours free for children aged 2.

- However, as this is a universal type of support, to effectively support participation this would be more costly than more targeted options and involve significant deadweight costs.

- Additionally, the interaction and interface with targeting of additional government subsidies would need to be considered so the totality of support could be directed where it would have a more material impact on affordability.

- Any changes would also need to consider the potential provider behaviour response, as this may have flow on consequences to parents/caregivers in terms of cost or access.

What funding approaches could support ECE affordability for families (3 of 3)

- More broadly, the MAG could also look at larger scale changes to approaches to support ECE affordability.
- These could include changing the mechanism (for example, a direct-to-parent voucher system).
- Alongside cost implications, there are likely to be more practical implementation considerations to work through alongside any assessment of risks and benefits for any larger-scale change.

END

Table 3 Hourly cost of Education & Care for all families with one child, by age band, across all hours used

	0-2 years	3-5 years
Range	$0-42.5	$0-37.5
Lower quartile (bottom 25%)	$1.00	$1.08
Median	$7.23	$4.29
Upper quartile (top 25%)	$10.00	$7.69
Average (one-child)	$8.33	$6.04
Average (two-children)	$4.73	$5.24
Count	103	157

Source: Ipsos MoE Parents survey and MoE analysis
n=260

- Large range in the hourly cost of ECE as reported by parents in the Parents Survey
- No consistent pattern
- 25% of families pay less than $1 an hour,
- While 25% pay over $10 (0-2) and $7.69 (3-5)

Cost by number of children

Table 48 FamilyBoost: weekly cost of ECE by household income and number of children

Household Income Band	Total Claimed Invoice Amount (Customer Input)			Out-of-pocket-cost		
	One child	Two children	Three children	One child	Two children	Three children
> 0 <= $5,000	131	185	153	83	122	97
> $5,000 <= $10,000	81	122	130	51	79	85
> $10,000 <= $15,000	100	148	141	63	96	88
> $15,000 <= $20,000	112	158	183	70	104	124
> $20,000 <= $25,000	116	160	144	72	103	99
> $25,000 <= $30,000	128	183	192	80	120	128
> $30,000 <= $35,000	144	205	226	89	134	155
> $35,000 <= $40,000	160	240	241	100	164	168
> $40,000 <= $45,000	172	261	231	115	194	171
> $45,000 <= $50,000	186	287	295	141	237	248
> $50,000 <= $55,000	196	314	371	171	288	344
> $55,000 <= $57,286	205	326	412	199	319	405
Household count	***44,589***	***10,302***	***487***	***44,589***	***10,302***	***487***

Table 4 Total weekly cost for ECE, by number of children aged 0-5 ($)

Measure	Number of children	Average	Median	Count
Weekly cost	One child	$ 166	$150	329
	Two children	$ 194	$163	136
	All	$173	$150	472
Weekly hours	One child	25	25	329
	Two children	42	37	136
	All	30	26	472

Parents survey

- While Table 47 (in report) shows that deprivation doesn't have much impact on the amount of ECE that children attend (hours per week),
- Table 48 shows lowest incomes are paying much less for ECE than the highest incomes.
- Unfortunately, FamilyBoost does not collect hours of ECE for invoices. Part of this discrepancy could be that those on lower incomes are in receipt of other MSD subsidies for childcare or that the price of ECE is cheaper in lower-socioeconomic areas.

Proportion of household income AFTER TAX & housing

Table 9 Parents survey: proportion of average weekly household disposable income spent on ECE, by income bands, one child aged 0-2

Weekly HH incomes from all sources after tax	Housing costs ($)	Cost of ECE ($)	ECE % of HH Income	Household count
788	422	49	13%	40
919	481	64	15%	18
1,313	513	120	15%	41
1,688	613	209	19%	51
2,341	717	197	12%	70
3,596	846	218	8%	49
Average: 2,027	634	174	13%	146

Table 10 Parents survey: proportion of average weekly household disposable income spent on ECE, by income bands, one child aged 3-5

Household incomes from all sources after tax ($)	Housing costs ($)	Cost of ECE ($)	ECE % of HH Income	Household count
865	571	70	24%	68
1,006	508	103	21%	31
1,423	523	114	13%	50
1,747	626	127	11%	47
2,374	728	165	10%	74
3,719	1,055	163	6%	51
Average: 1,946	687	128	10%	226

"Which of the following describes your total annual household income from all sources, after tax and deductions? (This is the amount of money that you receive in your bank account from wages and salaries, benefits, rental income or other income sources. Deductions include things like ACC levy, KiwiSaver, or student loans.) Please include all sources of income across all members of the household who contribute financially to the household."

Impact of price on work & labour market

Table 39 The cost of ECE means that I am working or studying less than what I would like

	Sole parent	Partnered
Strongly agree	27%	19%
Agree	35%	28%
Neither agree nor disagree	21%	19%
Disagree	9%	23%
Strongly disagree	8%	11%
Total	66	479

Table 40 If the cost of ECE was lower, I would increase the number of hours I work each week

	Sole parent	Partnered
Strongly agree	35%	22%
Agree	21%	30%
Neither agree nor disagree	23%	18%
Disagree	14%	22%
Strongly disagree	8%	7%
Total	66	475

Table 42 I would have returned to work sooner if I had cheaper / more affordable ECE options

	Sole parent	Partnered
Strongly agree	32%	19%
Agree	32%	31%
Neither agree nor disagree	17%	19%
Disagree	12%	23%
Strongly disagree	8%	9%
Total	66	470

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20 hours ECE

Table 12 The weekly cost of Education & Care, for households with one child aged 3-5

	20 exact	<=20	<=30 hours	>=21 hours	40 exact
Range	$0-600	$0-600	$0-624	$0-624	$30-500
Lower quartile	7	12	20	50	185
Median	35	50	70	154	233
Upper quartile	194	195	190	232	325
Average	122	119	128	160	254
Count	28	47	111	110	13

Table 13 The weekly cost of Education & Care, for households with one child aged 0-2

	20 exact	<=20	<=30 hours	>=21+ hours	40 exact
Range	$10-450	$0-450	$0-450	$2-480	$200-460
Lower quartile	128	10	25	187	320
Median	180	100	150	260	340
Upper quartile	275	160	214	320	350
Average	203	109	143	250	335
Count	17	51	79	52	11

40 hours ECE –

Table 14 The proportion of household disposable income after housing used on Education & Care, 40 hours only and all hours.

Weekly measure	40 hours only		All households	
	0-2 Years ($)	3-5 Years ($)	0-2 Years ($)	3-5 Years ($)
Estimated cost of 40 hours Education & Care	335	254	335	254
Average household income after-tax	2,981	2,445	2,027	1,946
Average housing costs	833	771	634	687
Disposable income after housing costs	2,147	1,674	1,393	1,259
ECE a % of disposable income after housing costs	16%	15%	24%	20%
Household count	13	16	269	321

Are families more likely to use 40 hours ECE if they have a higher ability to pay

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Table 57 Average cost of childcare before and after CCS, by region, October 2025

Provider region	CCS Number of children	CCS Weekly provider charged rate	CCS Out of pocket cost
Northland	810	133	29
Auckland Metro	4,605	152	38
Waikato	2,067	138	28
Taranaki	945	130	31
Bay of Plenty	2,211	124	25
East Coast	1,485	137	27
Central	1,416	148	41
Wellington	900	169	47
Nelson	513	122	40
Canterbury	1,911	126	34
Southern	1,191	130	37
Other	1,749	155	40
Total	19,800	141	34

Table 57 Average cost of childcare before and after CCS, by region, October 2025

Source: MSD customised data set and MoE Analysis

Table 32 Hours of ECE attended for children in receipt of the CCS, October 2025

Hours attended	Number of children	Proportion of children
0-10	5,649	29%
11-20	1,821	9%
21-30	5,070	26%
31-40	4,266	22%
41-50	2,997	15%
Total	19,800	100%
50 hours exact	921	5%

Currently, only 3% of children attended for 35-40 hours and 12% attended for 30 hours or more. While 37% of children receiving the CCS attend for over 31 hours with 15% of CCS recipients attending for over 41 hours (Table 32).

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