Write-up of problem definitions identified at 19 February MAG workshop

	Draft problem statement	Does problem statement meet criteria?	Causation: what sits behind the problem?	Do data and evidence support the problem statement?	Outcome / future state if problem addressed
1.	**"Families tell us they face a range of barriers in their children participating in the type and amount of ECE they want"** This problem includes the following elements *(migrated from previous draft problem definitions)*: • **Affordability** – particularly for families with lower incomes/resources, targeted funding not sufficient to overcome this • **Availability** – local/regional supply, sufficient places, hours provided, different types of ECE • **Diverse supply** to meet different needs: Funding design does not evenly benefit and support all types of ECE supply • **Participation:** children often do not attend ECE often, early or consistently enough to make the most difference for their education or parents' ability to work or study. • **Viability:** pressure on availability is sometimes a symptom of underlying viability of ECE in communities, where there are delivery cost pressures, limited govt funding increases and low parental willingness to pay fees. 9(2)(g)(i) [redacted]	• Realistic (Y) • Useful (Y) • Specific (?) • Quantifi(able) (Y) • Creates shared understanding (Y) • No embedded solution (Y) • About people, not process (Y) **Score: 6/7**	• Families have varying abilities and/or willingness to pay ECE fees, with a large percentage reporting they would use more ECE if costs were lower. • Affordability does not always ensure access, as adequate supply may not exist within some local markets –due either to excess demand (leading to waiting lists) or insufficient demand (e.g. in areas with low population density where funding may not support viability of small services). • Capital costs of establishing new services can be a barrier to ensuring sufficient ECE places are available to meet community needs. • Children with disabilities and additional learning needs can face barriers to ECE access due to services being unwilling or unable to meet their needs. • The funding system does not adequately support particular types of provision (e.g. immersion services may struggle to meet the 80% funding band due to needing to find certificated teachers with language competencies) • For a range of reasons (adequacy, awareness, administrative complexity, targeting issues), existing funding mechanisms aimed at supporting disadvantaged families and communities do not adequately meet their intended outcomes (e.g. CCS, TAP, Equity C). • There are limited ECE options for families who require ECE services at non-standard hours to fit with work hours. • Equity funding currently makes up a small proportion of the overall ECE spend, and the index used to target it is out of date – both factors limit its effectiveness.	**Yes** • Participation rates / intensity varies by ethnicity (e.g. in 2024, Māori and Pacific children have lower participation intensity than the total population). • Children attending schools facing more socio-economic barriers tending to have fewer years of ECE participation prior to starting school. • There was significant engagement feedback about cost barriers for families, and impact on provider ability / willingness to charge fees. • The Ipsos parents' survey indicates that the average family with one child aged 0-2 attend 13 hours of ECE and pay $95 per week after subsidies. For children aged 3-5, they attend 22 hours of ECE and pay $91 per week after subsidies. This reflects the fact that ECE subsidies vary across age groups: 20 hrs ECE helps reduce costs for 3-5 year olds, whereas regulated ratios create higher costs for 0-1 yr olds, which are not fully covered by the ECE subsidy. • There is low uptake of application-based funding support (e.g. IRD estimates that 80,000 unique families received FamilyBoost across the four quarterly periods in 2025, against an estimated 127,000 who qualify). Awareness of FamilyBoost is lower amongst Māori and Pacific parents than parents of other ethnicities. • The number of parents/caregivers in receipt of the Childcare Subsidy (CCS) has declined from 29,004 in July 2014, to 17,343 in July 2025. Issues identified in 2022/23 CCS review included CCS rates falling behind childcare costs, income thresholds meaning fewer eligible families, and inflexible settings that are out of step with labour market realities (e.g. variable employment hours). • Hours of ECE attendance outside of the hourly and weekly caps are not funded through MoE ECE subsidies, with costs generally passed on to parents via fees. • Real value of the 20 hrs ECE subsidy has declined since introduction (estimated 18% decline between 2010 and 2022).	• Current inequities in ECE participation are reduced, with increased ECE participation (both intensity and across all ages) amongst Māori, Pacific and disabled children, and those living in deprivation communities. • There is a reduction in the percentage of parents who identify cost as a barrier to enrolling their children in ECE. • There is an improvement in the hours worked per week by women with children aged 0-4. • Families can participate in ECE services that meet their needs (e.g. language services; non-standard hours). • A greater proportion of eligible families take up ECE fees assistance.

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2.	**"Quality variation in ECE within and across communities and over time contributes to inequalities for children and families"** This problem includes the following elements *(migrated from previous draft problem definitions)*: • Quality of teaching and learning (including teacher qualifications and experience, ratios, PLD, non-contact time, mentoring, etc) • The way in the funding system supports quality ECE provision in communities facing higher levels of socio-economic disadvantage. [Link to Problem 1's Viability element] • Aspects of the funding system that relate to the ECE workforce, including the employment of registered teachers (E.g. certificated teacher funding bands, KTCA, Pay Parity) • Interactions between quality, affordability and supply (if costs of delivering quality ECE result in affordability barriers or risks to service viability) 9(2)(g)(i) [redacted]	• Realistic (Y) • Useful (Y) • Specific (?) • Quantifi(able) (?) • Creates shared understanding (Y) • No embedded solution (Y) • About people, not process (Y) Score 5/7	• Current funding settings focus on specific teacher settings (such as pay parity and certificated teacher funding bands), and take insufficient account of other quality settings such as Professional Learning and Development (PLD), non-contact time, ratios. • The system is co-funded and designed to provide services with flexibility in how they use their funding and fees charged to parents . As a result, children may experience variation depending on the priorities services choose to focus on or the amount of parent fees they receive. • Cost adjustments have not kept up with inflation, giving services less funding for investing in quality indicators (or leading them to increase parent fees to maintain quality). • The existing pay parity system was designed as an interim measure and was never intended to be permanent. Changes since introduction have strayed from original intent. • Successive policy objectives and layers have been added over time, leading to a system that lacks cohesive design and is unduly complex (e.g. different qualification definitions and measurements across funding and regulations). • Complying with quality-related funding rules / conditions can be challenging and administratively burdensome for services.	**Mixed: Question for the MAG: given mixed evidence here, does the problem statement need reframing? Also, how important is equity in the quality problem?** • MoE structural quality data shows little difference in ratios and the % of certificated teachers in services with different levels of disadvantage. • Key quality indicators have improved over time: e.g. the percentage of certificated teachers in teacher-led centre-based ECE has increased from 52% in 2005 to 70.4% in 2024. Currently, 97% of services are in the 80-99% or 100% certificated teacher funding bands, with only 3% in the 50-79% funding band. • ECE census data indicates that ratios in most services are well-above minimum regulated levels. However, this data is based on the peak hour of operations during census week, which may not reflect ratios across the full duration of service operation. • The Ministry does not have sufficient information about what PLD is provided to teachers, and what PLD needs are, as these matters sit with individual employers. The draft findings of the Ipsos ECE workforce survey indicate high workforce participation in PLD and satisfaction that PLD meets needs. • ERO's 2024/25 Annual Report reported that only 32% of the 545 reviewed services run by (14) large entities met or exceeded EROs quality standard (embedding or excelling), compared to 53% of the 567 standalone services reviewed. It is unclear if there is a socio-economic dimension to these findings. • Sector engagements indicated dissatisfaction with the current funding approach to workforce, emphasizing lack of flexibility and incentives to hire less experienced or qualified teachers as key concerns with the pay parity scheme. The Ministry does not currently hold data on teacher pay steps to measure this impact. • Parents can find it difficult to know what constitutes quality in ECE, and to access up-to-date objective information about the quality of ECE services in their community.	• A system where quality is consistent across time and communities to support positive and equitable child outcomes. • A funding system that provides appropriate incentives for services to maintain and improve the quality of ECE provision. • A system that does not create perverse incentives for workforce settings (e.g. hiring less experienced teachers) • System coherence across regulatory and funding levers to support quality ECE provision.
	Alternate options: *Option 1: Variation in the quality of ECE services within and across communities is likely to undermine the benefits of ECE for children and their families* *Option 2: Quality variation that affects children and families facing more barriers is likely to undermine the benefits of ECE for those who need it most*	• Realistic (Y) • Useful (Y) • Specific (1?/2Y) • Quantifi(able) (?) • Creates shared understanding (Y) • No embedded solution (Y) • About people, not process (Y) Score 5.5-6/7	**Both options as above, also:** • Reflects concept of 'acceptable variation'. Variation is ok, as long as it doesn't lead to harm. • Less definite about causative link to outcomes: we do not have direct evidence **Option 2:** • Focus on children/families who face more barriers, means greater focus on below-tolerance quality and families who have fewer choices about ECE services	**Both options**: • Similar challenges as the problem definition above, but less significant because the problem is not claiming that variation causes inequality. • Broad evidence that children and families who face multiple barriers benefit most from quality ECE, and face more difficulties in accessing it.	• Funding supports good quality ECE in all communities (or, option 2, mitigates barriers to providing quality ECE in less advantaged communities). • Children and families facing more barriers can access quality ECE

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3.	**"Government and families do not have the information they need to have confidence in the ECE system, and the value delivered by ECE (investment) for children, families and society"** This problem includes the following elements (migrated from previous draft problem definitions): • Families don't have good information on ECE – benefits, costs, long-term value, ability to compare service offerings and fees • Government has limited information about the value of investment (e.g. outcomes, returns) and the information it does have can be challenging to analyse from system view • Providers say administrative and accountability requirements for ECE funding are onerous, complex, and aren't fit for purpose. 9(2)(g)(i) [redacted]	• Realistic (Y) • Useful (Y) • Specific (?) • Quantifi(able) (Y) • Creates shared understanding (Y) • No embedded solution (Y) • About people, not process (Y) Score 6/7	• Lack of investment in data collections (e.g. funding for fee data collection reprioritised in Budget 2024). • Bulk funding makes allocation decisions by services outcomes hard to track, giving policy-makers limited visibility of ECE delivery costs as a basis for policy and investment decisions. • Lack of ongoing, robust information about parent fees limits transparency about the actual level of funding ECE services receive, and extent to which this is sufficient to meet service delivery costs. • Families can find it difficult to find timely, comparable and easily accessible information about the quality of services, and enrolment costs. • Some current reporting (e.g. equity funding) is not collected in a way that makes it easily comparable and analysable. • The wide range of factors that determine funding to services means ECE services must collect and provide detailed information to the Ministry of Education. • Accountability settings are geared towards ensuring information is available for auditing purposes, but only a small number of services are audited each year. • There is a lack of clarity about the expected educational and development outcomes of ECE, and associated measures to determine whether the system delivers these.	**Yes** <u>**Question for MAG:**</u> **Does the high-level problem statement capture the complexity of the current system? Could it be amended e.g.:** ***"ECE funding has become more complex over time. As a result*** **Government and families do not have the information they need to have confidence in the ECE system, and the value delivered by ECE (investment) for children, families and society."** • There is a lack of data on parent fees and the operating costs of different service types making it difficult to understand how policy and funding settings affect service viability, affordability and access. • Recent regulatory changes have reduced requirements for services to share information (e.g., information now only needs to be provided on request to enrolled parents rather than being proactively made available). • Reporting requirements for Equity Funding and contracted providers (e.g., discrete participation programme providers) are mostly descriptive. • ERO reviews remain the main formal source of information for parents on ECE quality, but are undertaken relatively infrequently for most services, and can be hard for parents to interpret. • 9(2)(g)(i) [redacted] • The ECE Funding Handbook sets out the funding rules and operational requirements that services must adhere to, but has been added to over time and is lengthy. • FamilyBoost only collects what data is needed to process payments, and not all data on invoices is captured and accessible due to funding constraints.	• A system where both parents and the government can access the information they need to be able to make informed choices and decisions. • Families and society have confidence in the value delivered by the ECE system, including positive impacts for children who participate. • ECE providers collect the essential information needed to support the timely and accurate provision of funding, and to ensure appropriate accountability for the use of government and parental money.