



Children's quality of life first

Hope for the early care and education sector

# Briefing for the incoming Minister of Education

November 2023

[www.ecereform.org](http://www.ecereform.org)

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<b>1</b>	<b>The ECE Reform child advocacy organisation.....</b>	<b>1</b>
<b>2</b>	<b>Executive summary – sector collapse, and a proposed road map for the future .....</b>	<b>2</b>
2.1.	Addressing the underlying causes of harm to children, and workforce collapse	2
2.2.	Four proposals to protect children and restore the teaching workforce	2
2.3.	Workable proposals, necessary investments, reduced compliance costs	3
<b>3</b>	<b>The current state of the early care and education sector .....</b>	<b>4</b>
3.1.	An urgent situation	4
3.2.	The drivers behind the collapse of the teaching workforce	5
3.3.	Consequences for children – serious health issues, and harm to early learning	6
3.4.	Loss of the best quality providers in favour of poor quality, and loss of choice	8
<b>4</b>	<b>Cost-effectiveness and return on investment.....</b>	<b>10</b>
<b>5</b>	<b>Urgent and essential changes to prevent further sector collapse.....</b>	<b>11</b>
5.1.	Overview – action required, and actions to avoid	11
5.2.	What about pay? A matter of justice, but it will not prevent the teacher exodus.	12
5.3.	Investment in quality improvement is the only alternative to sector collapse	12
5.4.	The critical importance of ratio and group size controls	13
5.5.	Ratios – the conundrum of ratio improvement with a teacher shortage	13
5.6.	Group size limits are inexpensive and not constrained by teacher supply	14
5.7.	Combining ratios and group sizes into one set of requirements	14
5.8.	Addressing overcrowding – improving space per child	17
5.9.	Proposed improvements to indoor and outdoor space, with transitional requirements	18
<b>6</b>	<b>Replacing an antiquated licencing system with a fit for purpose governance system – Quality-based Contracting (QBC).....</b>	<b>19</b>
6.1.	The Quality-based Contracting (QBC) governance model	19
6.2.	A distorted market with taxpayer funding of poor quality	20
6.3.	A failing governance system more than half a century old	21
6.4.	Why minimum standard licencing doesn't work	21
6.5.	The inherent power of contracting	21

6.6.	Fixed price for volume – low transaction costs, simple transition	22
6.7.	The power to address poor management and damage to the teaching workforce	22
<b>7</b>	<b>The Early Years Ministry proposal .....</b>	<b>23</b>
7.1.	Ministry of Education governing childcare – good intentions with poor outcomes	23
7.2.	Divorcing childcare from child health, and the myth of ‘early learning services’	23
7.3.	The establishment of a fully integrated Early Years Ministry	24
7.4.	Early Years Ministry primary responsibilities	25
<b>8</b>	<b>Extending home-based to eight children and two teachers .....</b>	<b>26</b>
8.1.	The two teacher, eight child model of home-based early care and education (2:8 model)	26
8.2.	The irrational restriction to four children and only one teacher	27
8.3.	Sector capacity expansion and cost-effectiveness	27
8.4.	A very simple legislation change, and licencing criteria changes	28
<b>9</b>	<b>The way forward – a road map for the future.....</b>	<b>29</b>
9.1.	Priorities for change	29
9.2.	Transitional timeframes	32
<b>Appendix 1:</b>	<b>High teacher turnover – an illustration of the power of the QBC model to address poor management</b>	<b>33</b>
<b>Appendix 2:</b>	<b>The Early Years Ministry structure.....</b>	<b>35</b>
<b>Appendix 3:</b>	<b>Ratios and group sizes – international examples .....</b>	<b>37</b>
<b>Appendix 4:</b>	<b>2019 indoor space per child – international examples.....</b>	<b>38</b>
<b>References</b>	<b>.....</b>	<b>39</b>

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## 1 The ECE Reform child advocacy organisation

ECE Reform is a cross-sector child advocacy organisation formed in 2021, with the specific purpose of developing solutions to the current systemic crisis in the early childhood care and education sector. ECE Reform is a voluntary charitable organisation. It does not provide any direct benefit for membership, as it exists only for advocacy.

ECE Reform membership includes approximately 85% early childhood teachers and 10% centre owners and managers. ECE Reform leadership and membership is drawn from across the centre-based and home-based early care and education sector. The leadership team has centuries of combined experience in ECE teaching, management and leadership. In addition, the Executive Officer, Dr Mike Bedford, is New Zealand's only Public Health Specialist for the early care and education sector, having over 30 years' ECE sector experience, and both a Master of Public Health and PhD focused on early childhood sector health.

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**ECE Reform is a positive, collaborative, problem-solving organisation, applying sector expertise to develop practical and cost-effective, systems-based solutions to the current situation. We aim to work alongside government to bring the best outcomes for children.**

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## 2 Executive summary – sector collapse, and a proposed road map for the future

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The early care and education sector is in need of a complete system change, along with urgent short term measures to prevent further sector collapse.

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The sector is currently experiencing a collapse of the teaching workforce, with conditions that place children at risk of physical and emotional harm. Most, if not all sector indicators for impact on child health are very poor<sup>[1]</sup>.

### 2.1. Addressing the underlying causes of harm to children, and workforce collapse

New Zealand has high funding rates for early care and education, yet the sector is struggling, and centres are closing. While fair pay for teachers is a matter of justice, ECE teacher pay has never been good. The overwhelming indications to ECE Reform, from workshops, written communication, social media posts, and many person-to-person conversations, are that it is not pay that has caused the collapse of the teaching workforce, but the day-to-day conditions in the sector. These conditions include unmanageable ratios, overcrowding, noise, stress, and excessive costs for poorly targeted compliance monitoring and scrutiny of pedagogy. These conditions are in turn brought about by three factors:

- very poor regulations
- a licencing system with perverse incentives promoting commercial interest over child wellbeing and learning
- governance of long day childcare by a ministry that was never designed for this function, almost exclusively focused on early education.

Any solutions to the current situation must address the underlying causes that have brought this about. Evidence indicates that there is no choice but to invest in improvement in conditions, both for the protection of children, and to restore the teaching workforce.

### 2.2. Four proposals to protect children and restore the teaching workforce

ECE Reform has developed four major proposals which, acted on individually, could each provide major improvements for the care and education of children in early childhood. Implemented together, these proposals provide a practical and cost-effective road map to reinstate a high-quality early care and education system.

### Ratios, group size, space per child

Regulatory amendments to improve teacher child ratios, space per child, and to implement group size controls.

See Section 5

### Quality-based Contracting (QBC)

Replacing the licencing system with an efficient contracting system, combining quality incentives with reduced compliance costs.

See Section 6

### Early Years Ministry

Replacing Ministry of Education, ERO, and Te Whatu Ora roles in the ECE and care sector, and coordinating policy for children under 8 years old.

See Section 7

### 2-teacher – 8-child home-based

Removing the current constraint that forces home-based services to have only one teacher – enabling an alternative 2 teacher, 8 child model.

See Section 8

There are some actions that must be implemented with urgency (e.g. ratios), while others should be implemented progressively over a period of three to four years. We have provided a proposed plan with time frames that we believe can turn the sector around (see Section 9).

## 2.3. Workable proposals, necessary investments, reduced compliance costs

New Zealand's early care and education sector can be compared to a ship that is sinking. That the ship is sinking does not arise from a collision with an object (an unexpected event), but because the entire structure of the ship is not fit for purpose and is collapsing.

The only choices available to any government at this point, are to invest in immediate action to prevent further harm, and to replace the 'ship' with something fit for purpose. This means that the government has no choice, but to budget for improvements to conditions for children and teachers as an expenditure priority. The alternative is sector collapse.

Along with guidance for timed, prioritised investment in the sector, ECE Reform proposals reduce compliance costs, and improve the efficiency of sector governance and centre management. We also believe we have effectively addressed the conundrum of improving ratios during a teacher shortage (see Section 5.5). Our proposals will restore the workforce.

*While it may appear daunting, ECE Reform is offering practical proposals to overhaul the early care and education system. We very much look forward to discussing these proposals and answering any questions you may have.*

## 3 The current state of the early care and education sector

### 3.1. An urgent situation

The teaching workforce is in a state of collapse due to the extremely poor conditions in many centres. This situation will be causing harm to children's mental and emotional health, with potential lifelong consequences for some. The risk to mental and emotional health comes primarily from inadequate ratios and unstable staffing, leaving babies and very young children without secure and consistent relationships, for many hours a day. This situation is exacerbated by overcrowding and excessively large group sizes, resulting in high levels of noise and stress, and interpersonal conflict.

In a 2020 survey by Child Forum of 4,021 teachers, a quarter of teachers said that they couldn't endorse their own centre's quality, (they wouldn't want their own child to attend there). New Zealand has very poor minimum teacher:child ratios, especially for children under two, yet 11% of respondents said they often worked at illegal ratios.

NZEI followed this with a similar-sized survey in 2023 (4,174) teachers<sup>[2]</sup>, in which 42.2% of respondents indicated that centre sometimes operated at illegal ratios. In the same survey, nearly two-thirds (64.7%) of respondents answered 'agree' or 'strongly agree', that it is "impossible to satisfy health and safety requirements at current regulated minimum ratios".

A 2017 survey of 22 Hutt Valley area ECE centres showed 43% operating at worse than our already very crowded minimum space per child.

In mid-2021, *before* the second round of COVID interventions, the loss of teachers had become so bad that centres reported not being able to get relievers for teachers off sick. This wasn't caused by COVID. The relieving pool was taken up replacing permanent staff who had left the sector. In 2023 there have been reports of centres operating with 50% of their teachers being relievers, and centres needing to temporarily close because of an inability to find relievers when staff are off sick.

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The longer the current conditions continue, the more teachers will leave the workforce, the worse conditions will become, and the harder it will be to turn the situation around.

ECE Reform is pleading with the government to act with absolute urgency, with an immediate priority on improving ratios for children under two years old.

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## 3.2. The drivers behind the collapse of the teaching workforce

The New Zealand early care and education sector now has insufficient teachers to staff the sector, including the relieving pool. The collapse of the teaching workforce is primarily a consequence of the day-to-day conditions permitted by current regulations, and the perverse incentives in the licencing system that encourage adoption of minimum standards.

### A discouraged and demoralised workforce – we can't rebuild without HOPE

Problems in the early childhood sector run deeper than this however, in that the teaching workforce is now deeply discouraged and demoralised. There have been expressions of distress from early childhood teachers for nearly a decade<sup>[3]</sup>, and warnings of adverse consequences of the minimum regulations for children and teachers for 1½ decades<sup>[4]</sup>. Current conditions and an absence of hope for improvements predict further loss of teachers, while the declining reputation of the sector makes training as an early childhood teacher an unattractive option.

New Zealand has a number of discussion and support networks for ECE teachers, owners and managers. These groups reveal on the one hand, the remarkable level of professional engagement amongst teachers and good centre owners in the sector, but they paint a stark picture of distress. Here are some teachers statements from teacher discussion groups:

*“The high number of children. I find it too busy and actually quite detrimental to children's health. Even with supposed ratios being kept (mostly) it's still too much for quality care. New children or [those with] learning needs can't cope.”*

*“It's often noisy, too busy, you feel stretched and stressed. Can't give individual kids the attention they need and deserve. Some days it just feels unsafe – too many kids, and adults all busy doing other things.”*

*“I spend all day just putting out fires”.*

*“It's just crowd control”.*

*“It's like prison”.*

*“I feel broken by this”*

Consistent with the comments above, respondents to the 2023 NZEI survey reported that workload pressures and unworkable ratios mean they are frequently forced to revert to 'basic care', or even 'crowd control', rather than engaging tamariki in quality teaching and learning.



In addition, in 2021 teachers stated in a case brought to a parliamentary Regulations Review Committee, against the current regulations, that:

*“As Early Childhood teachers, we have been aware that the space limitations in many centres... and increasing group sizes in the sector, have been contributing to mental and physical injury and illness to both children and teachers.”*

It could be argued that the ECE teaching workforce has only two things left that show a respect for their role and function as teachers. One is *Te Whāriki*, which has perhaps seen the most universal appreciation and buy-in of any framework ever promulgated by government. The other is New Zealand's relatively high requirements for qualified teachers (by international comparison). With nothing else to hold on to, anything that damages either of these two factors will accelerate the collapse of the teaching workforce.

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To turn the sector around, it is essential to give teachers real hope of improvement. This affects both teacher retention and recruitment for training. We can't rebuild without hope.

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### 3.3. Consequences for children – serious health issues, and harm to early learning

#### Damage to child health is the biggest issue in the early childhood sector

For children, the crisis in the early care and education sector is primarily a health concern. The biggest issue is mental and emotional health. Many New Zealand children will be spending most of their waking hours in their first five years in environments that do not provide stable and secure relationships. In the 2020 survey by Child Forum of 4,021 ECE teachers, 29% of respondents reported not having time to develop relationships with the children in their care. This was a voluntary survey, and therefore subject to selection bias, but even if that percentage is halved it would represent a critical state for the care of children.

There are a number of other health concerns, including hearing damage, poor nutrition, and the respiratory and systemic effects of exposure to high levels of vehicle emissions and particulates. In addition, the minimum space per child outdoors is so restrictive that children may be unable to get a reasonable level of exercise.

#### Harm to mental and emotional health

These environments may be grossly overcrowded, noisy, and stressful, with a high risk of conflict with other children. Both the one teacher to five child ratio for children under two years old, and high staff turnover, place children at risk of attachment disorder and anxiety

disorder. When these conditions affect a child in the first 1000 days, they can set a pathway for long term harm.

Statements referring to 'putting out fires' and 'crowd control' relate to overcrowding and large group sizes. These conditions contribute to interpersonal conflicts and chaotic situations directly against children's interests. Patterns of anxiety and social disconnection seen in children starting school, and in adolescence, are likely to be, in part, attributable to poor conditions in childcare, especially infant and toddler care.

### Parents cannot be confident that their children are safe

Parents cannot be reasonably sure, based on regulatory controls, or any information from the Ministry of Education or the Education Review Office, that their child will not experience short and long term physical and emotional harm by attending an ECE and care centre. Neither the Ministry of Education nor ERO conduct regular unannounced checks for the most critical quality measures, in particular teacher:child ratios, space per child, or teacher qualification distribution across rooms. Parents enrolling a child are not likely to be aware of critical mental-emotional health safety issues for their child, such as staff stability.

### The need to remove the siloing of health and education

A range of health concerns were outlined in a six-author, ten-topic submission to the Ministry of Education for the 'Early Learning Regulatory Review' in 2019<sup>[1]</sup>, but four years later, only one of the 63 recommendations has been implemented. Later in 2019 an offer was made to the Ministry of Health to provide a presentation covering the issues in that submission, but the offer of a presentation was refused. The Ministry of Health would not engage with child health concerns in the early care and education sector.

The siloing of education and health is one of the reasons for the demise of the early care and education sector. Most children in New Zealand, including children from as young as a few weeks old, experience our attempt to provide early childhood education (ECE) in the context of long day childcare. Despite this, neither the Ministry of Education, nor the Ministry of Health have had a focus on the health of children in childcare since, at the latest, the 1980s. Neither the Ministry of Education, nor the Ministry of Health, have seen themselves as responsible for the care of children and promotion of physical and emotional well-being. At no time in the past three decades, have either the Ministry of Education or the Ministry of Health had a single full-time permanent national position for the health and well-being of children in early education and care. The result is that for many children, the quality of childcare is so bad it will be actively harmful.

Rather than give an excessive amount of detail and evidence in this briefing, ECE Reform would like to request an opportunity to provide a presentation to the Ministers holding the portfolios for early care and education, education, and health.

### 3.4. Loss of the best quality providers in favour of poor quality, and loss of choice

#### Perverse incentives in the licencing system

The early care and education sector contains a mix of organisations and ownership ranging from not-for-profit community providers, aiming to provide services to children and parents, through to providers for whom childcare (with 'early learning' as a selling point), is simply a mechanism for profit. The current licencing system lacks any incentives for good quality, but it contains strong perverse incentives against the interests of children.

The current funding and regulatory system favours maximising of crowding and long child-attendance hours, drawing maximum funding from the government, while minimising quality. For example, New Zealand has one large provider that uses minimum space per child, and consistently locates centres on busy main roads and intersections, and in commercial buildings, while making 10% profit on hundreds of millions of dollars of government funds and parent fees. Those providers attempting to do better than regulatory minimum ratios and space per child, and who provide better resources for children and teacher support, or who try to keep parent fees low, are financially disadvantaged.

In 2021, in submissions to a Select Committee on pay-parity related legislation, at least two early childhood centre owners indicated that they would close their centre(s) if required to work to minimum standards. This was because of the harm to the children. This situation was repeated in 2023 with the introduction of 20 hours 'ECE free' for two-year-olds. The funding was only sufficient for minimum standards (a 1:10 ratio for two year olds) – rejected as unsafe by better quality centres. This means that if good quality is not supported in centre funding, we will lose the best centres, while poor quality operators are able to financially survive. Poor quality operators however, struggle to retain staff, making the conditions in these centres even more harmful to children because of high teacher turnover and use of relievers to substitute for permanent staff.

In May 2023 Simon Laube, CEO of the New Zealand commercial childcare provider association the Early Childhood Council, stated that 91 centres had already closed since the start of the year,

*“The average centre enrolled about 41 children, meaning that over 3,700 children and families lost their chosen early learning option with these 91 centre closures in the year to date. New Zealand is rapidly losing its diversity of choice, starting with centres that don't or can't rely on significant income from parent fees”.*

## Can parents encourage quality by exercising consumer choice?

The ECE sector suffers from the same ills as any commercial environment, but it is far from an 'ideal' market. While some parents will have a good understanding of children's ECE and care needs, many will not, and will have difficulty discerning false advertising from true. In addition, the centre environment (actual quality of ECE and care, ratios, relationships) is hard to assess, and may be taken on trust without any real knowledge of the conditions.

ECE Reform has heard a number of expressions of distress from parents saying that they could not find a good quality centre for their child, but in desperation had to accept childcare they were not comfortable with. We have heard from parents saying that the only good early childhood centres available had two-year wait lists. As good centres close, parents are faced with less choice and some desperate decision making, but ultimately it is the children who pay the price for poor quality care.

## 4 Cost-effectiveness and return on investment

ECE Reform does not have access to the information required to provide a costing for these proposals. It is still possible in principle though, to compare the current systems with the potential cost-effectiveness of the proposed systems, by way of efficiencies and downstream effects, for example, savings from improved physical and mental health outcomes.

The costs of improved ratios, group size controls, and space per child are unavoidable.

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**This funding needs to be seen as equivalent to addressing infrastructure repair following a natural disaster or critical levels of neglect. The consequences of not making this investment will be an acceleration of centre closure, with loss of access to childcare, and increasing costs on the health sector.**

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Among other adverse effects, the early care and education sector takes a toll on health services by way of high rates of infections<sup>[5]</sup> and teacher injuries, as well as likely costs in mental health harm, and chronic effects from exposure to emissions and particulates<sup>[1]</sup>.

Ministry of Education and ERO monitoring are not well coordinated, and both agencies seem unaware of some compliance costs. The licencing system provides no quality incentives, and encourages commercial practices that drive up the costs of harm described above. High teacher turnover is costly to providers, and also drives child mental health related costs. Teachers are demoralised by being constantly required to justify themselves. This creates greater stress and reduces quality time with children. The Ministry and ERO are applying ever more fine tuning to badly a broken instrument – it is both harmful and a waste of resources.

By contrast, the Quality-based Contracting system proposed by ECE Reform (Section 6), removes the inefficiencies of the split Ministry of Education and ERO roles, and uses very efficient monitoring systems. The Early Years Ministry is a government agency designed to be fit for purpose both in its functions and in its staffing, avoiding waste and inefficiency.

The use of group size controls with improved ratios is a more cost-effective method of reducing social interactive stress, and improving secure relationships, than ratios alone. Implemented alongside ratio improvements, this approach can ease pressure on ratio requirements.

The work required to achieve transition to Quality-based Contracting and the establishment of the Early Years Ministry will incur costs, but these are investment costs that will be recouped by the creation of a far more efficient and cost-effective system.

The ECE Reform proposals also reduce compliance costs by using both automated and time-efficient systems to gather information. The ECE Reform systems replace the current requirement on teachers to constantly justify their practice (with excessive reporting expectations in relation to children), instead having a focus on child protection.

## 5 Urgent and essential changes to prevent further sector collapse

### 5.1. Overview – action required, and actions to avoid

The eroding of, and discouragement of, the teaching workforce has continued for so long that there is now a very difficult problem to solve. The only way to turn around the collapse of the teaching workforce is to provide an environment that restores the confidence of teachers, and honours early education and care as a profession. There is a need to restore respect for teachers, and restore teacher confidence in the future of the sector. This will not only stabilise the workforce, but also provide incentives to engage in early childhood teaching as a profession, boosting teacher training numbers.

At present, one might ask, ‘Why would anyone train as an ECE teacher, given the state of the sector?’. But if teachers can look forward to a vibrant, rejuvenated sector by the time they qualify, then teacher training providers have a basis to advertise without being disingenuous. They can point to a real possibility of an enjoyable and rewarding career, in which teachers are actually able to do what they are trained to do.

#### Actions that will accelerate workforce collapse

Any action that is perceived by teachers as undervaluing their work or qualifications, increasing pressure on teachers, or delaying improvements to conditions, will accelerate the loss of teachers from the workforce. This means that:

- any downgrading of qualification requirements
- increased pressure on enrolments (funding increased child enrolments or hours)
- any signal that improvements in ratios in particular, will be delayed

will result in accelerated loss of teachers.

Attempts to address the teacher shortage by importing teachers without addressing the conditions that cause them to leave, will only place more stress on New Zealand teachers. They will have to assist with orientation to New Zealand's culture and early education system. It is like pouring water into a bucket with a hole in the bottom.

#### No option but to leave the sector

The early childhood teaching workforce is largely non-unionised. As we have seen recently, it is difficult for early childhood teachers to organise more than a minority strike. In addition, teachers know that some good employers can be harmed by strike action. Some teachers are faced with the conundrum that increased pay can only be made possible by worse conditions for them and the children. They may find themselves in the position of harming a centre they support. The result is that teachers who are unable to cope with the working conditions, or as

has been expressed by a number of early childhood teachers, unable to condone the conditions for children, have no option but to leave the workforce.

### **Funding increases without regulation change will not avert sector collapse**

Sector organisations including ECE Reform, Te Rito Maioha, and NZEI have advocated for regulation change, and ECE Reform has been clear that these changes need to be funded. Unfortunately, there have been some suggestions that the government should increase funding without regulation change. While this will help to prevent closure of those centres already operating to better than minimum standards, it will not produce improvements by minimum standard providers. Unfortunately, some providers will simply pocket the money. The result for many children and teachers will be no improvement to conditions, continued loss of teachers from the workforce, and a continuation of harm to children in minimum standard centres. This harm to children will continue to feed through to the school system.

#### **5.2. What about pay? A matter of justice, but it will not prevent the teacher exodus.**

There has been action to improve teacher pay, both from NZEI and from the government. This is a matter of justice, as teachers certainly deserve to be properly paid. ECE Reform certainly supports improvements to teacher pay. Improving teacher pay will not prevent the collapse of the sector however, and it will not protect children.

#### **5.3. Investment in quality improvement is the only alternative to sector collapse**

The only viable way forward is to set out a clear pathway for step-by-step quality improvement, starting with the day-to-day conditions affecting teachers. Priority must be placed on ratios, group size limits, space per child, paperwork reduction, support for children with special needs, and on improvements to centre management. This will require an absolutely unavoidable injection of funding in the medium term (3-5 years). Beyond the medium term, ECE Reform proposals for changes to the governance of the sector will bring savings from system efficiencies, while child and teacher health improvements will reduce health sector and ACC costs.

We cannot stress too strongly that failure to invest in the sector, and to improve the way that government funds are spent, will result in sector collapse. Parents will be unable to find places for their children. Harm to children will increase, and this will take a greater toll on the primary and secondary school education systems, as well as mental health services.

## 5.4. The critical importance of ratio and group size controls

The authors of *Child Care Centers Licensing Standards in the United States from 1981 to 2023*, stated that the importance of child-to-staff ratios, *and group sizes*, in early childhood education cannot be overemphasised. Research has shown that smaller groups lead teachers to engage in more social interactions with children and spend less time simply supervising them. This results in children showing more cooperation and displaying less hostility and conflict. With lower child-to-staff ratios, teachers devote less time to managing children's behaviour and more time to engaging in meaningful interactions with them. It promotes better safety, and higher rates of individual attention, with reduced stress for teachers and children [6, 7].

Poor quality childcare also has an impact on children's general development and learning, especially where parents are relying on long day childcare for most of their children's learning and developmental needs. In 2022 the Growing up in New Zealand (GUINZ) study reported a quarter of New Zealand children were starting school with developmental delays. The researchers attributed this to socio-economic and ethnic inequities, but the GUINZ study does not have data on early care and education conditions, and therefore could not have made a correlation with those conditions. The poor ratios, large group sizes, and crowding in minimum standard centres would rationally predict this outcome however, as these conditions do not support children's wellbeing or learning.

## 5.5. Ratios – the conundrum of ratio improvement with a teacher shortage

Improvements to ratios have been left so long that we now have the predicted conundrum of trying to improve ratios while there is a teacher shortage. The obvious difficulties are that unless we improve ratios, the teacher shortage will become worse, making improvements absolutely urgent, but improving ratios requires more teachers while there is a teacher shortage.

Information provided to the ECE Reform leadership group [www.ecereform.org/who-we-are](http://www.ecereform.org/who-we-are) indicated that if there were improvements to ratios, and the implementation of group size controls, especially for the under two age group, teachers would be willing to return to the sector. The under two age group in particular is a specialisation for early childhood teachers, with many teachers being passionate about working with this particular age group. This specialisation has been supported by infant and toddler pedagogies such as that of Magda Gerber (RIE philosophy) and Emmi Pickler (Pickler Institute).

Investing in improvements for the under two age group is the most viable action to stabilise the teaching workforce and give a positive message about the future of early care and education.



## 5.6. Group size limits are inexpensive and not constrained by teacher supply

### Defining group sizes for best effect at least cost

Defining group size has been considered a difficult challenge, but group size limits have been implemented in other jurisdictions for many years, and it should not be considered an insurmountable task.

Group size controls are necessary to ensure the development of a sense of community, a sense of belonging, and secure relationships. This means that group size controls do not need to operate all of the time – a very important consideration for practical building layout and operational purposes. The definition of ‘group size’, and its associated definition ‘spatially separated’, were developed to minimise structural interventions and cost, while maintaining the socio-emotional objectives of group size.

### Proposed ‘group size’ definition

‘Group size’ means the number of children in a spatially separated group, with specifically allocated teachers (counted in ratio), applied for 80% of the operational day.

- Group size does not apply outside.
- Group size doesn’t mean structural room size or centre size (see below).

‘Spatially separated’ means separated from other groups by being in a separate room, where a ‘room’ is a space divided from other spaces by a barrier at least 1.5m high.

## 5.7. Combining ratios and group sizes into one set of requirements

It makes a lot of sense to address ratios and group sizes together, as is done in a number of other jurisdictions, especially in the United States. Strengthening of relationships can be achieved by group size limits as well as by ratios. New Zealand has an urgent need to put in place group size limits, and this urgency makes it sensible to combine the group size definitions and limits with the introduction of improved ratios.

Group size limits have the advantage of reducing relationship complexity and potentially reducing noise, and can be cheaper to implement than very high teacher to child ratios. So for example, ECE Reform proposals have a 1:6 ratio for children 24-36 months old (after a three year transition), but with a maximum group size of 18, except for sessional ECE. This is not as tight as the recently proposed 1:4 or 1:5 ratios for this age group, and therefore easier to achieve with government funding. Another argument here, is that before 1:4 or 1:5 ratios could ever be achieved for this age group, the intervention priority would sensibly shift to group size, rather than ratios.

## Post-transition ratio and group size tables – age grouped, teacher-led

These tables represent the 'end game', after a three-year transitional period. Three years allows for teacher training during the transitional period, and the potential for teachers to return to the workforce as conditions improve.

Teacher led, long day (max 11 hrs)			
Age range	Minimum teacher:child ratio	Max group size	Group size to ratio
Under 18 months	1:3	9	3x
18 to 30 months	1:4	12	3x
24 to 36 months	1:6	18	3x
3 years and over	1:8	32	4x

Teacher led, school day (max 7 hrs)			
Age range	Minimum teacher:child ratio	Max group size	Group size to ratio
Under 18 months	1:3	9	3x
18 to 30 months	1:4	12	3x
24 to 36 months	1:6	18	3x
30 to 36 months	1:7	35	5x
3 years and over	1:8	40	5x

Teacher led, sessional (max 4 hrs)			
Age range	Minimum teacher:child ratio	Max group size	Group size to ratio
Under 12 months	1:3	9	3x
12 to 30 months	1:4	12	3x
24 to 36 months	1:6	24	4x
30 to 36 months	1:10	40	4x
3 years and over	1:15	45	3x

These tables were developed for an optimum balance of children's needs, cost-effectiveness and flexibility of arrangement. They are much more practical than the current regulations, and make use of group size to ease constraints on ratios.

While there is an advantage to combining ratios and group sizes together in one set of tables, we also need to consider children's hours of attendance in each day. We need to consider manageable team sizes, balanced against ideal small group sizes. These tables have been developed to allow flexibility for age group divisions. Any particular age-grouped centre would only be working from one of these tables, depending on their structure, and session length.

## Transitional ratio and group size requirements

ECE Reform concluded that the immediate priority for change was for the under two age group, followed by children two to three years (the toddler age group). Bear in mind that even the 'immediate' change would be preceded by the process of passing the legislation, so there would still be a lead in time to attract teachers back.

Age range with age division	Minium Ratio	Max Group Size
<b>Immediate</b>		
Under 2 years	1:4	12
Over 2 years	1:10	40*
<b>After 18 months</b>		
Under 2 years	1:4	12
2-3 years	1:7	21
Over 3 years	1:10	40*

Immediate' and 'after 18 months' date from passing of the legislation.

\*Excludes sessional ECE.

For a full discussion of the ECE Reform ratio and group size proposal, with discussion of aspects such as child developmental stages, hours of attendance, and team size, please go to <https://www.ecereform.org/ratios-group-size-spaces>

## 5.8. Addressing overcrowding – improving space per child

New Zealand has a very poor minimum space allocation per child indoors, that could reasonably be described as gross overcrowding. In practice it is the equivalent of having 30 children and the required teachers in a modest 3 bedroom house. New Zealand's indoor space per child is only 60% of the minimum space in Australia. New Zealand ranked 34<sup>th</sup> out of 42 jurisdictions in Australia, North America, and the United Kingdom (see Appendix 4), for minimum indoor space.

Overcrowding indoors increases noise due to the Lombard effect (an upward spiral of noise volume as people raise their voices against background noise). It also increases interpersonal conflict between children due to lack of uninterrupted space for activities, and lack of personal space. These factors combine to increase stress. A lack of adequate indoor space also constrains the ability for children to engage in activities that require protected space or concentration (e.g. construction play).

New Zealand's outdoor space per child is also only 60% of the Australian requirement. Many early childhood outdoor spaces have minimal equipment because there is insufficient space for variety. Natural environments cannot survive the concentration of children in these small spaces, limiting exploration and learning. Children's physical activity can be so constrained, that children are being told to use their 'walking feet' outside because the space is too small to run safely. For comparison with NZ's minimum outdoor space of 5m<sup>2</sup> per child, traditional Free Kindergarten and Playcentre outdoor areas have typically had 15-25m<sup>2</sup> per child, which allowed for natural areas, including grass, with room for children to run.

Space per child has been downgraded twice since 1960, with reduced indoor space for children under 2, and reduced outdoor space for children over 2 in 1985, and a 10% loss in indoor space for all children as a result of a wording change in 2008. This latter change was made against Public Health advice. It is likely to have been instrumental in tipping the conditions for early childhood teachers from difficult, to unmanageable.

There is no question that this basic improvement for children's quality of life, and stress reduction for children and teachers, needs to be funded.

## 5.9. Proposed improvements to indoor and outdoor space, with transitional requirements

These changes bring New Zealand in line with Australian minimum standards, allowing for the difference in wording (NZ = free from fixtures and fittings, Australia = clear floor space). The changes revert the outdoor space requirement to (approximately) the New Zealand standard of 1960.

### Indoor space per child

#### **Existing centres**

After 6 months:	2.75 m <sup>2</sup>
After 18 months:	3.0 m <sup>2</sup>
After 3 years:	3.6 m <sup>2</sup> (approximately the Australian standard of 3.25m <sup>2</sup> clear floor space).

#### **New Centres**

Immediate:	3.0 m <sup>2</sup>
After 3 years:	3.6 m <sup>2</sup>

There is a modest difference for new centres, to encourage design that will be more appropriate when the 3.6m<sup>2</sup> requirement applies after three years, and acknowledging that new centres do not need to deal with roll reduction to achieve 3.0m<sup>2</sup>. The adjustment to 3.6m<sup>2</sup> is accompanied by additional funding.

### Outdoor space per child

#### **Existing centres**

After 6 months:	5.5 m <sup>2</sup>
After 18 months:	6.0 m <sup>2</sup>
After 3 years:	7.2 m <sup>2</sup>

#### **New Centres**

Immediate:	10 m <sup>2</sup>
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Because the indoor standard improvement requires roll reduction, the outdoor space per child is automatically increased. The Australian outdoor standard (as with the New Zealand 1960 standard) is 7m<sup>2</sup> per child, but for existing centres, increased space achieved by roll reduction means that 3.6m<sup>2</sup> indoors will result in 7.2m<sup>2</sup> outdoors being available, if an indoor:outdoor ratio of 1:2 had been used. This is not the case for new centres however, and even 7.2 m<sup>2</sup> is a poor standard for outdoor areas.

## 6 Replacing an antiquated licencing system with a fit for purpose governance system – Quality-based Contracting (QBC)

For a full discussion of this proposal please go to [www.ecereform.org/quality-based-contracting-qbc](http://www.ecereform.org/quality-based-contracting-qbc)

### 6.1. The Quality-based Contracting (QBC) governance model

Given its full name ‘Fixed price for volume, Quality-based Contracting’, this system replaces:

- 1 The licensing system
- 2 Network Management

In this model, the government is the provider for all early care and education, but it does so by contracting services from private and community organisations. This is effectively a public-private partnership for a public service. In this model, the government has a mandate and obligation to assess quality, and to choose better quality services where choice exists. It is obligated to minimise risk, for example by avoiding locations adverse to child health. Government choice is the essential difference between licencing and contract. It is fixed price for volume, so no negotiation occurs that erodes quality by way of cheaper deals. All competition is quality-based, as assessed through a well-designed quality assessment system, rather than relying only on parent perceptions. Almost all contracting is standard form, with very similar transaction costs to licensing for both government and contractor.

The Government will carry a greater responsibility for governance than it does now, and will need to be resourced with necessary structures and expertise at Ministry level. The Ministry will be responsible for managing service continuity while sifting out poorly performing services and locations over time.

Service priorities for quality will be:

- 1 Quality of care
- 2 Quality of environment
- 3 Added value for early learning and development



The first priority in quality assessment will be on the foundational conditions of a good service, that is, the quality of the environment the children are in, and the quality of care they receive. There are highly efficient mechanisms available to measure this.

This model trusts teachers to know what they're doing, while providing a viable environment for quality early childhood education.

## 6.2. A distorted market with taxpayer funding of poor quality

It is important to note that the current system is largely taxpayer-funded. It is already a partnership between the taxpayer and providers, but one in which the taxpayer is forced to subsidise poor quality providers unless there is a serious, provable legal breach.

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**In the proposed system, the taxpayer, via the government, has a choice as to who is state-funded and entrusted with early care and education, by the mechanism of contracting.**

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Another way to view this, is that the government, in spending taxpayer money, has an obligation to ensure that the money is well spent. This responsibility is better exercised in a contractual arrangement, with choice of providers, than in a licensing system. Licensing is more appropriate where there is no government subsidy.

### Market distortion

The early childhood sector currently represents a distorted market, in which the primary purchaser, the government, has no choice between good and poor quality providers. The secondary purchasers, the parents, are poorly equipped to choose between good and poor quality, and are often faced with no option but to choose a poor quality provider, as good quality providers are too few in number and pre-booked.

To address this problem, it is essential to have a system in which the primary purchaser, the government, is able to make the best choices on behalf of taxpayers to protect children. This choice does not in any way prevent parents from choosing between types of services, in fact the government would be tasked with ensuring diversity of provision. The objectives are to ensure that parents are not left without good quality choices available, and no child is subjected to substandard conditions, regardless of service type.

### This is not about community or private ownership – the system must deal with both

We need to say here that this is not a discussion of private, public or community ownership. Some of the best providers in New Zealand are privately owned, and not-for-profit providers do not necessarily provide the best quality. Aside from that, it's just not viable to replace

private ownership. Whatever system we choose for our children, it must be capable, at the very least, of ensuring that the early care and education system does not harm children or the teaching workforce. The best system will promote high quality, and eliminate poor quality.

### 6.3. A failing governance system more than half a century old

New Zealand shifted the governance of childcare from the Department of Social Welfare to the then Department of Education in 1986, but the core governance system of licencing has remained the same since 1960. This system was never developed to address a heavily government-subsidised, regulated market environment such as we have today. It is highly unlikely that any government would choose licencing as the best system to govern the current provider environment, if starting from scratch. Children are subjected to the obvious conflict of interest represented by publicly listed companies paying shareholders – a situation hard to envisage in 1960. Unfortunately, the ECE sector has included small and large organisations that have treated ECE and care as “just like any other business”. The result has been some dismal standards of service provision and the collapse of the workforce.

### 6.4. Why minimum standard licencing doesn't work

In any system in which there is a strong incentive to breach minimum quality, there will be a constant pressure against minimum standards and against regulators. The current licencing system produces perverse incentives directly against children's interests. The funding stream is child-dollars per hour per day per year, favouring maximum crowding, longest government-subsidised hours, and minimum service provision. There is no quality incentive to balance the profit motive.

Regulations are very blunt instruments for quality and, if too prescriptive, can have unintended results. The current regulatory approach places the regulator in a situation of needing to prove non-compliance in order to take action against a provider. Regulations establish a minimum acceptable level of quality, but they do not provide an incentive for better-than-minimum quality.

### 6.5. The inherent power of contracting

The power of government contracting of services, rather than subsidised licencing, lies in the ability and responsibility to make a choice, and to avoid unnecessary risk. In the current system there is no penalty for poor quality, and no financial or contractual reward for good quality. Providers can place the health of children at risk with impunity, if actual harm is not proven. An example of this, is the location of early childhood centres in situations that expose them to harmful vehicle emissions and particulates. In a contracting environment, the government has a responsibility not to place children at unreasonable risk. The contracting



agency does not have to prove actual harm. This deters developers from choosing high risk locations.

Another example is high teacher turnover, which is inherently harmful to children, especially the very young. QBC provides an effective mechanism to address this, illustrated in Appendix 1.

## 6.6. Fixed price for volume – low transaction costs, simple transition

The fixed price for volume component of this model means that unlike much of government contracting, there will be no negotiation on price for the majority of contracts. The only exceptions will be for contracts to cover specialist services, for example services catering for particularly for children with special needs who would struggle in a standard environment.

The funding model may change (this proposal does not address funding structures), but per-child funding still applies as it does in the current system. This will include funding to make allowance for special needs support in general early care and education environments.

### Simple rollover from licences to contracts

The fixed price for volume system allows a simple rollover from licencing to contracting, as well as reducing the administrative and transaction costs that would be incurred if pricing were generally negotiable.

In the transition from the licensing system to the contracting system, the contract simply replaces the licence, using the parameters (ages, maximum numbers) the licence specified at that point in time. The change from licence to contract is essentially a change in the relationship between the government and the provider. For most providers, there will be no negotiation process at this point.

## 6.7. The power to address poor management and damage to the teaching workforce

Another example of high risk to children is high teacher turnover see Appendix 1. This is discussed as an example in the ECE Reform QBC discussion document, but in essence it provides a tool to drive better management of early childhood centres. For example, under the QBC system, a provider must address high teacher turnover or risk losing their contract, forcing them to address poor quality management or abuse of the teaching workforce.

## 7 The Early Years Ministry proposal

For a full discussion of this proposal please go to [www.ecereform.org/the-early-years-ministry](http://www.ecereform.org/the-early-years-ministry)

### 7.1. Ministry of Education governing childcare – good intentions with poor outcomes

In 1986 childcare was brought under the jurisdiction of the Department of Education, moving from the Children and Young Persons Act 1974 to the Education Act 1989. The original intention behind this move made very good sense. At that time, the number of children in full day childcare was increasing due to societal changes, but children in day care could not access early childhood education such as was provided by Kindergartens or Playcentres, or by the developing Kohanga Reo movement. In bringing childcare under the Ministry of Education, all children could now receive early childhood education if they were enrolled in a licensed service. However, it is very important to recognise that there was no intent to call childcare ‘early childhood education’. The intent was to put early childhood education into childcare as an essential component.

We have had three and a half decades to see the effect of this system, under various governments and changes of leadership. While it began well – seeing the adoption of *Te Whāriki* in the mid-1990s, and the employment of trained teachers in all licensed centre-based services, there were unintended negative consequences. With the move to focus on education and pedagogy, and rightly improve the recognition of early childhood teachers, the basic emotional and physical care of children was no longer given priority. The result was that while requirements for trained teachers and qualifications improved, physical standards such as space per child, environmental temperatures, and hygiene facilities received little attention, and aspects vital to child well-being, such as teacher:child ratios and group size did not improve.

### 7.2. Divorcing childcare from child health, and the myth of ‘early learning services’

The constant reference to ‘early learning services’, which includes full day childcare for babies, does not recognise the reality that these are living environments affecting the whole of a child's development. Children are of course, learning from the day they're born, but that does not mean that the primary purpose here is early learning.

As a result, the environments of many of our full day childcare centres, in which children may spend as many as 55 hours a week, bear little resemblance to an environment conducive to good quality of life for a child. Under the guise of ‘early learning’, many are hard, noisy, overcrowded, classroom-like environments, inadequately staffed. Many have ridiculously small outdoor areas, lacking any significant natural environment. Opportunities for

exploration and challenge may be very limited, and effectively exhausted long before children reach five years old. They may be located in places that make excursions to any other environments very difficult, and which will subject children to noise and air pollution.

New Zealand's children pay the price for siloed government that does not bring together children's health and education, and which ignores quality of life for children in long day care.

The failure to pay attention to child health will not only have caused considerable damage to the mental and physical health of children over a number of years, but has also contributed to the collapse of the teaching workforce.

### 7.3. The establishment of a fully integrated Early Years Ministry

Recognising that siloed functioning is inherent in the design of the Ministries of Education and Health, and in the employment of their staff, the Early Years Ministry is designed from the start to be responsible for effective cross-government, cross-sector action.

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**The Early Years Ministry is specifically designed as a solution to the siloing of health and education in relation to ECE and care.**

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The Early Years Ministry could not take on all functions of Government that impact on young children, but would be directly responsible for some functions, and act as a coordinating and quality assurance body for other matters. It would be directly responsible for a major component of young children's lives that can seriously affect their quality of life, that is, non-parental care and education. It would replace the Ministry of Education and the Education Review Office for this function. It would also engage with local government to ensure for example, that implementation of the Resource Management Act serves, and does not disadvantage, children. It would engage with other agencies in community-based action for children, for example, in child-friendly social housing developments, or in situations where poverty or detrimental activities such as drug use, are impacting adversely on children.

## 7.4. Early Years Ministry primary responsibilities

- 1 The health and wellbeing of children while in non-parental care.
- 2 Early childhood education.
- 3 The implementation of the Quality-based Contracting system and associated quality monitoring and assessment. This replaces the functions of the Ministry of Education and the Education Review Office, bringing contracting and quality monitoring under one government agency.
- 4 Collaboration for research and development for best practice in ECE and care (including indoor and outdoor design, nutrition, emotional security, educational practice).
- 5 Administration of research funding tagged to quality of facilities, practices and teacher training for ECE and care.
- 6 Active collaboration with teacher training institutions, NZQA, and a professional body for early care and education to replace the Teaching Council. This is to ensure that teacher qualifications are adequate and fit for purpose, and to develop appropriate ancillary qualifications, for example, for education and care service management.
- 7 Active collaboration with other government agencies, including the Ministries of Health and Education, Oranga Tamariki, WINZ and Housing New Zealand.
- 8 Active collaboration with the Ministry of Education and Local Government to assist the securing of land suitable for high-quality services (e.g. from school or park spaces), and to prevent inappropriate use of the Resource Management Act against the interests of children.
- 9 Active collaboration with the Ministry of Education to integrate transition to school, and to ensure monitoring of children leaving the ECE and care system, to inform quality of ECE and care.
- 10 Development and management of community projects in areas of high need, deprivation or social dysfunction, facilitating and coordinating the relationships between government and community agencies to improve quality of life for children.
- 11 The Ministry would be required by Act of Parliament to maintain staff competency to cover all areas of responsibility, including early childhood education, health, pediatrics, building science and design for ECE environments, and outdoor environmental design.

## 8 Extending home-based to eight children and two teachers

*For a full discussion of this proposal please go to [www.ecereform.org/2-8-model](http://www.ecereform.org/2-8-model)*

### 8.1. The two teacher, eight child model of home-based early care and education (2:8 model)

The 2:8 model was originally provided as a submission for the Ministry of Education's home-based care review (2018). Unfortunately, the submission was removed from the process by the Ministry of Education before it could be considered by either the Minister of Education or Cabinet. Discussions have been held across the nation since 2017 to work on the practical implementation of this model, but it has not been possible to engage in any trial because of the legislative constraint (see 8.4).

#### Two teachers, at least one fully qualified, with eight children

The core of the concept is to have two adults and up to eight children, in a private home setting, with at least one of the adults being a qualified teacher, and the other at least commencing training. The 2:8 model is not intended as a replacement for the 1:4 model, but rather as an additional option, filling the gap between current home-based care and centre-based care. It has a number of advantages over both the 1:4 model and over centre-based care.

Suggested maximum numbers for very young children in a house are:

- up to three children under two years
- up to five children under three years.

Home-based care has the tremendous financial advantage of utilising existing infrastructure. Rather than spending money on Resource Consents and construction of new childcare centres, in what are frequently industrial and commercial locations, home-based care normally requires only minor modification to homes in residential settings. In addition to house and garden spaces, children get the advantage of easy access to the parks and other green spaces often lacking in commercial areas. They stay in, and learn about, their own local community, with the option of volunteer or paid community input. Home-based care with two teachers can provide high quality ECE without the illness costs associated with centre-based care, the damage to child and teacher health from excessive noise and associated stress, or the lack of adult furniture common in centre-based buildings. Home-based care also solves the vexed question of group size, and reduces risk of emotional development problems such as attachment disorder, caused by lack of personal attention from adults that may occur in busy large-group care.

## 8.2. The irrational restriction to four children and only one teacher

New Zealand has one of the most restrictive requirements for home-based early care and education in the world, and it is difficult to find a supporting rationale for this level of restriction.

The restriction to four children forces a restriction to one teacher for economic reasons. This has the disadvantage of only one adult on site, presenting difficulties if one child needs extra attention, and providing no breaks for the teacher. The current model also has the financial constraint of having resources funded by subsidies and fees for only four children at most, which limits expenditure on equipment.

The 2:8 model has all the good features of current home-based care, but with the major advantage of a two-adult team and at least one ECE qualified teacher. The two-adult team has obvious advantages in terms of breaks and flexibility of child teaching and management, with greater safety and parent confidence. Not requiring both adults to be fully ECE qualified provides for the employment of someone with other skills and qualifications, whether it is years of experience and rapport with children, child special-needs knowledge and skills, or language and cultural knowledge and relationships. A 2:8 home could work well for example, with a Pasifika or Chinese community, or provide an environment for a child with autism or mobility challenges.

## 8.3. Sector capacity expansion and cost-effectiveness

### Expansion of sector capacity

The 2:8 model has the ability to greatly expand the capacity of the home-based sector, making it an ideal companion programme for the desperately needed increase in space per child in centre-based care and education. It also frees up capacity, meaning that if the Quality-based Contracting model were implemented, there is more freedom to remove poorly performing or badly located early childhood centres without critical loss of capacity.

### Using existing infrastructure

New Zealand has many homes that could comfortably accommodate a 2:8 ratio, with 4m<sup>2</sup> per child requiring 32m<sup>2</sup> (e.g. two connected 4m x 4m rooms) plus a sleep room. This compares with only 2.5m<sup>2</sup> per child plus 10% for fittings (2.75m<sup>2</sup> per child total) in centre-based care. At present half of a traditional quarter-acre section (500m<sup>2</sup>) could be licensed for 100 children in centre-based care, while in a home-based 2:8 model it would be for only eight children – with the ability to have real grass and room to run on it. Many homes don't have this much outdoor space, but even a quarter of this (125m<sup>2</sup>) is more than three times better than the current regulation minimum if used for a 2:8 model home.

## Home-based teacher pay

At present home-based care is poorly funded, making it very difficult for teachers to earn a living wage, let alone a professional income. The 2:8 model of home-based care can provide high quality care and ECE, and should be funded as such.

### 8.4. A very simple legislation change, and licencing criteria changes

The 2:8 model requires two very simple legislative changes to section 19 of the Education and Training Act 2020 .

#### 19 Requirements for licensed home-based education and care service

- 1) A licensed home-based education and care service may be provided to no more than ~~four~~ **eight** children per home.
- (2) While children are participating in the service, the total number of children present in a home in which the service is provided (including those receiving the service) may not be more than ~~six~~ **ten**.

There are providers who would be willing to take part in a pilot programme, but at present this is not permitted under the very restrictive legislation. There are two options here:

- 1 An Amendment Act amending s19 to allow eight children to be enrolled in a home-based service, allowing for two children of the homeowner, over the age of five years, to be present.
- 2 An Amendment Act to allow a limited term pilot programme for approved participants under the conditions in Option 1.

There would also need to be a change to the Licensing Criteria for Home-based Early Childhood Education and Care Services, to recognise that the two teacher model includes at a minimum one fully qualified teacher, removing the need for the supervising teacher role required in the current model. There would need to be changes to funding to ensure that teachers were properly remunerated to an equivalent level as for centre-based teachers.

As with the current home-based system, licences (to become contracts) would not be issued for individual homes, but rather for a registered provider supervising those homes under an agreed supervisory system. It is envisaged that this system would most likely take the form of a franchise.

## 9 The way forward – a road map for the future

We have an opportunity to turn the entire early care and education sector around, to produce what could well be a world leading system. This cannot be done overnight, and there are a number of constraints, not the least being the need to gradually increase teacher supply.

ECE Reform has considered the practical time frames to implement the necessary changes, with particular attention to generating hope for the teaching workforce – the only means by which the workforce can be restored.

### 9.1. Priorities for change

#### Ratios, group sizes

The current situation will be causing the most harm to children under two years old, so the conditions for these children must be the top priority, followed by conditions for children aged 24 to 36 months.

Changes to ratios need to consider teacher supply, while changes to space per child need to consider centre capacity. All of these changes need to be costed, but if they are not put in place, the alternative is sector collapse.

#### Stopping overcrowding – increasing space per child

The time frames for these improvements have been carefully considered, recognising that they require roll reduction. The immediate changes are only for new centres, but they are followed by a 10% increase in space per child in existing centres introduced after six months, which restores the space per child to the New Zealand 2008 level.

The next change is also modest, improving ratios for two year olds 1½ years after the reforms begin, with the major change to the fully integrated tables for ratios and group size taking place after three years. This is to provide an adequate transitional time, with gradual roll reduction, and if necessary an increase in early education and care facilities (including a major potential increase in home-based).

#### The 2:8 model for home-based

Changing the maximum number of children in home based to 8 children, is very simple at the regulatory level, and can provide an excellent return for the time and money invested. It is not constrained by either teacher supply or infrastructure. It will however, need some work to determine the best governance systems within the 2:8 framework, so a lead in time would



be sensible. We propose introducing the legislation one year after the reforms begin.

## Compliance monitoring and Quality-based Contracting

The next tier of priorities concerns the governance system. These are changes that need considerable work prior to implementation, and require legislation change. Before these legislation changes take place however, there are some preparatory steps that can be put in place:

- 1 Address critical gaps in Ministry of Education child protection monitoring, most particularly with the introduction of spot checks for ratios, crowding, and teacher qualification distribution across rooms. These are known areas of non-compliance with serious consequences for children. Spot checks do not incur any operational cost for providers, as long as they are complying with the law.
- 2 While spot checks would initially be used to monitor for overcrowding, a far more efficient system is simply to match daily attendance to registered floor space. The first step then, is to require all early childhood centres to submit a floor plan stating the square metres available for children's activities excluding fixtures and fittings. These plans are to be digitally registered by the Ministry, and will be subject to random audit.
- 3 The next priority (six months' lead-in) is to reinstate reporting of staff turnover. This is a critical quality measure, and should have been considered vital information for the Ministry of Education and their management of the sector. For providers, it is a simple reporting function, with negligible compliance cost.
- 4 The systems for remote monitoring of environmental conditions (temperature, noise, CO<sub>2</sub>) should be uniform across the country and connected to a cloud-based system. Allowing for time to identify the best systems, and to put in place national contracts for hardware and software, these systems should be in place after one year.

While these very efficient compliance systems are being implemented, there will have been time to draft and pass the necessary legislation for the Quality-based Contracting system to replace licencing. This will involve a new set of regulations, and an amendment to the Education and Training Act. The time frame to achieve these legislative changes is 1½ years.

## Teacher reporting system

There will also have been time for the Ministry of Education to develop and trial a confidential teacher reporting system. This system requires legislation for its implementation, so the system would be in place and working after the passing of the legislation for QBC, that is, 1½ years after the beginning of the reform process.

Six months after the quality monitoring system has been completed, and the necessary legislation for QBC has been passed, all licences will be transferred to contracts. One year later the full QBC system can be implemented, as the Ministry will have accumulated sufficient baseline quality indicators to provide quality rating of centres on a comparative scale.

## The Early Years Ministry

The Quality-based Contracting system could not be implemented with current Ministry of Education staffing and expertise. Not that it requires more staff – it requires a different skill base. The first step then, is to establish a separate secretariat within the Ministry of Education specifically for early care and education, with a strong emphasis on protection of children in childcare. This branch of the Ministry of Education would use Ministry of Education departmental support (HR, IT etc), but in other respects it would be the transitional phase of a new government agency. It would be tasked with establishing the internal structures and systems to be used under Quality-based Contracting, and would subsequently form the core of the Early Years Ministry staffing.

The first step then, will be to establish the early care and education secretariat (six months after reforms commence). The next task is to draft and pass the legislation establishing the Early Years Ministry (after 1½ years). The Early Years Ministry would be operational 2½ years after reforms commence, absorbing the functions of the Ministry of Education, Te Whatu Ora, and the functions of the Education Review Office, in relation to early care and education.

## Research

There is a serious lack of research into early care and education quality in New Zealand, particularly in relation to impact on child health and wellbeing. The design of the Early Years Ministry includes the formation of a centre of expertise, but prior to this, there is a need to fund and support the necessary research.

The ability of providers to refuse to take part in research is a major barrier to ECE sector research, in relation to both education and wellbeing. This prevents representative sampling, skews results, and hides adverse conditions. We do not believe that this is justifiable for organisations that are substantially state funded and responsible for the care of children. An initial step will be to require all licensees to provide *reasonable* access and assistance, for *Ministry approved* research, as long as it does not unreasonably interfere with the day-to-day running of a service. This requirement should be accompanied by a programme of prioritised, government-funded research.

## 9.2. Transitional timeframes

Proposed 3 year plan for ECE sector system reform							
Years from reform commencement	Immediate	0.5	1	1.5	2	2.5	3
<b>Ratios and group sizes</b>	Maximum group size under two years old - 12 children Maximum group size over two years old - 40 children  Minimum ratio 1:4 for children under 2 years			Maximum group size 21 for children 24 to 36 months.  Minimum teacher:child ratio 1:7 for children 24 to 36 months (evaluate based on teacher supply)			Move to full ratio and groups size tables with hours per day categories
<b>Space per child</b>	<u>New centre</u> minimum indoor space 3m <sup>2</sup> per child  <u>New centre</u> minimum outdoor space 10m <sup>2</sup> per child	Increase existing centre minimum space indoors to 2.75m <sup>2</sup> per child  Increase existing centre minimum space outdoors to 5.5m <sup>2</sup> per child		Increase existing centre minimum space indoors to 3.0m <sup>2</sup> per child  Increase existing centre minimum space outdoors to 6.0m <sup>2</sup> per child			Increase existing centre minimum space indoors to 3.6m <sup>2</sup> per child  Increase existing centre minimum space outdoors to 7.2m <sup>2</sup> per child
<b>2:8 model home-based</b>			Amend home-based legislation to permit 8 children per home	Commencement of 2:8 model home-based licences			
<b>Compliance monitoring and Quality-based Contracting</b>	Spot checks for ratios and teacher qualifications.  Require floor area information	Implement reporting of staff turnover  Implement floor area audits	Standard monitoring systems for temperature, CO <sub>2</sub> , noise.  Integrate floor area data with attendance data	Pass legislation for Quality-based Contracting  Implement mandatory confidential teacher reporting system	Transfer all licences to contracts under Quality-based Contracting (Transitional phase)		Implement full QBC programme
<b>Early Years Ministry</b>		Establish a dedicated branch of the Ministry of Education (secretariat) for early care and education.		Pass legislation for the Early Years Ministry		Establish the Early Years Ministry	
<b>Research</b>	Licences require cooperation with Ministry approved research	Initiate early care and education health and care research - funding round 1		Initiate early care and education health and care research - funding round 2		Initiate early care and education health and care research - funding round 3	

## Appendix 1: High teacher turnover – an illustration of the power of the QBC model to address poor management

High turnover and teacher shortages seriously impact quality of care, especially for infants. The teaching workforce needs to be protected with reasonable employment conditions, and supported and trusted as a professional group.

At present the Ministry of Education has no mechanism available to deal with issues such as staff bullying or poor conditions, and they are very difficult to deal with in any legislative process. The contractual mechanism provides a relatively easy solution for teacher led, centre-based services.

Step 1: Identify the worst 5% of centres for staff retention.

Step 2: Red-flag the contracts, with a 'please explain' request. The service will have six months to identify and explain the reasons for poor staff retention.

If (a) there is a community-wide problem affecting teachers (the Christchurch earthquake would have been an example, or cost of living problems, or centres in low socio-economic areas), then the Early Years Ministry (see Section 7, and Appendix 2) will work with providers to help find solutions.

If the problems are (b) service-specific, the service will need to provide the Ministry with a remedial plan.

Step 3: For scenario (b), If the service fails to present a plan, they will be given 6 months' notice of end of contract for that centre. If they produce a satisfactory plan, they will have six months to successfully implement the plan and demonstrate staff stability.

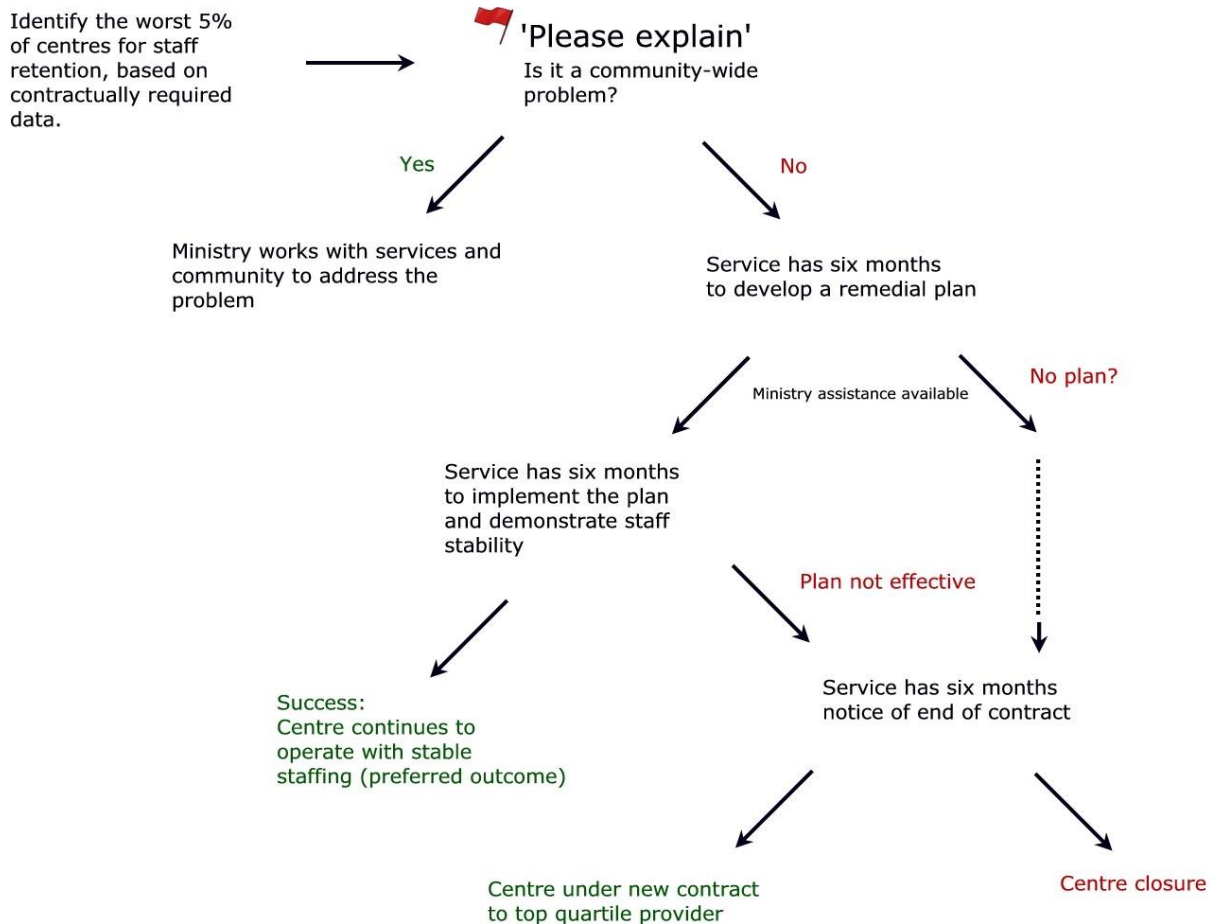
Step 4: If the service is successful, they retain their contract and will have improved quality. If they fail, they will have six months' notice of end of contract for that centre. This does not necessarily mean closure, as the service or a centre may be sold by the outgoing provider to a provider with a *very good* quality rating. *Very good* rated services are used here because of the need to turn around a damaged care and education environment.

Note: In this example, retention problems are differentiated from recruitment problems. It is teacher turnover, disrupting relationships, that is the critical issue.

The objective is not to close services, but to provide a clear message that poor treatment of teachers (by anyone) is a risk both to children and to the teaching workforce. The Ministry will provide advisory services to help a service improve its staff retention, if requested.

This mechanism has a triple quality improvement effect:

1. It removes very poor employers
2. It shifts some services from poor to very good management
3. It sends a message to the whole sector about valuing and supporting the teaching workforce.



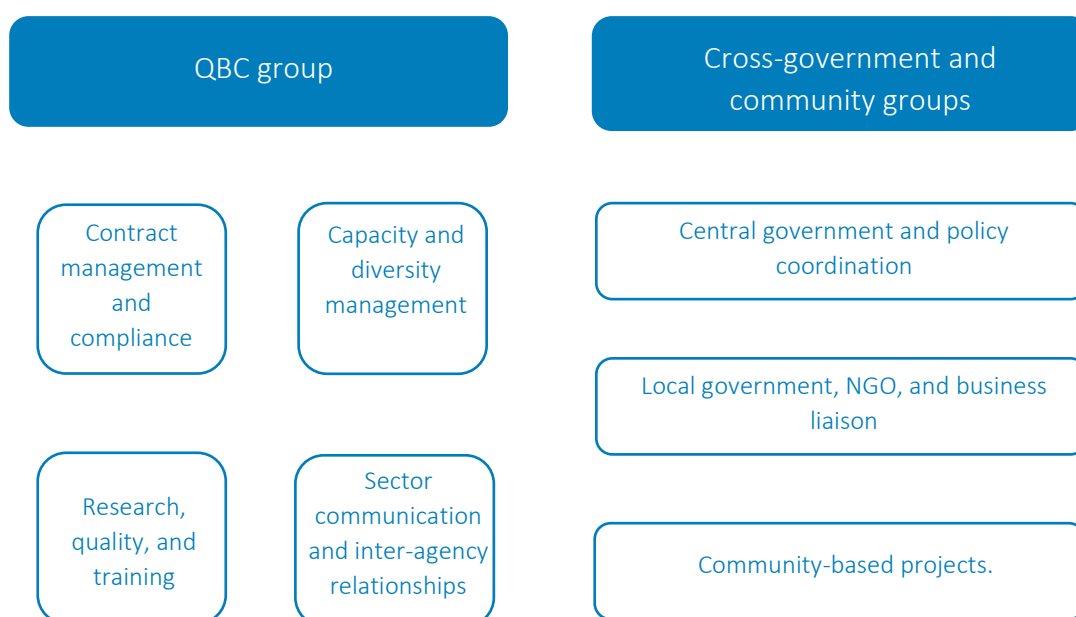
This system requires minimal resources from the Ministry. The Ministry is not required to expend a lot of resources on investigation of cause, or identification of legal breaches. The measure is performance and risk-based, on the premise that the Ministry should *actively avoid* high risk providers. Where the problem is a management issue, the onus is on the service provider to identify and fix the problem (by, for example, requiring better staff management practice).

## Appendix 2: The Early Years Ministry structure

The Early Years Ministry proposal is integral to, and should be read together with, the proposal for Quality-based Contracting (see Section 6).

In addition to the core function of early care and education governance, this Ministry would have an inter-agency function, linking the Ministries of Education and Health, the Oranga Tamariki and WINZ, and local government, and would also engage actively with agencies for teacher training.

### Departmental structure for the Early Years Ministry



### Policy coordination

The Early Years Quality of Life, Care, and Education Act would require government agencies to consult with the Early Years Ministry on policy for children under 8 years old. This requirement would also extend to Local Government, for example, in the implementation of the RMA. This would ensure policy coordination between the Ministry of Education and the Early Years Ministry, achieving by a mandated process, coordination between early care and education and school, to a degree not historically achieved within the Ministry of Education. Local Authorities would be required to consider the impact of District Plans on children under eight years old, to actively consult with the Early Years Ministry on those plans.

## Children with special needs, and support for damaged communities

ECE Reform receives frequent comments from early childhood teachers about the lack of support for children with special needs. 'Special needs' in this context ranges from aspects of neurodiversity, through to language development, or emotional or behavioural affects resulting from trauma in the home environment.

The expertise held within the Early Years Ministry can be used to assess, and financially and operationally assist, with special needs in early care and education, as well as junior primary school. Using the Early Years Ministry in this way ensures continuity of support for a child transitioning between early care and education, and school.

There are a number of communities in New Zealand that are struggling with a range of issues, including poverty, substance abuse, and in some instances gang activity. An example is one small North Island town, in which teachers in the junior school described children at seven or eight years old, who were at the developmental level of a four year old. They talked about children who didn't know how to play, and evidence of emotional abuse.

This profound level of damage to children is a community wide issue, not able to be solved by a single school, ECE service or Kohanga Reo. It takes a community wide approach, potentially involving several government agencies, local government, education services, churches and other community groups, NGOs such as Rotary or Lions, and possibly even the gang members themselves. It means bringing the whole community together to rebuild healthy lives.

The government agency proposed in this legislation would be structured and equipped to promote community coordination. We already have local models for this, such as Healthy Families Waitakare. We need this kind of approach for all of New Zealand, prioritising the most needy communities.

## Appendix 3: Ratios and group sizes – international examples

ECE Reform has reviewed international standards for teacher:child ratios and group size, and international standards for space per child.

Table 7: Teacher:child ratios in a range of jurisdictions (green is better than NZ, orange is worse)

Jurisdiction	Up to months						Bands	Overlap?	Group size?			
	1.5	12	15	18	24	30				36	48	60
<b>New Zealand</b>			<b>1:5</b>					<b>1:10</b>		<b>2</b>		<b>No</b>
New York State	1:3		1:4			1:5		1:7	1:8	5		Yes (2-3x)
Indiana		1:4		1:5			1:7	1:10	1:12	5		Yes (2x)
Oklahoma		1:4		1:6		1:6		1:8	1:15	4		Yes (2x)
Isle of Man		1:2 upstairs / 1:3 <sup>a</sup>				1:8				2		Yes (<2s, 12)
Minnesota	1:4		1:7			1:7		1:10		3		Yes (2x)
Arkansas		1:5			1:8	1:8		1:15		4	Yes	Yes (2x)
Newfoundland and Labrador		1:3				1:5		1:8		3	Yes	No
Arizona	1:5 / 2:11		1:6 / 2:13			1:8		1:13	1:15	5		No
Kansas	1:3		1:5			1:5		1:12		5+	Yes	Yes (2x)
						1:7		1:10				
Pennsylvania	1:4		1:5			1:6		1:10		4		Yes 2x
Michigan		1:4				1:8	1:10	1:12		4		Yes <3s
Tennessee	Under 15 months 1:4		Complex overlapping age bands (11 in total)							11	Yes	Yes 2x
Colorado		1:5				1:7		1:10	1:12	5	Yes	Yes 2x
British Columbia		1:3					1:8			2	Yes	Yes
Finland		1:4					1:4			2		No
Denmark						1:3		1:6				No
England		1:3				1:4		1:8 / 1:13 <sup>b</sup>		3		No
Wales		1:3				1:4		1:8		3		Yes
Northern Territories		1:4				1:5		1:11		3		No
Queensland		1:4				1:5		1:11		3		No
NSW		1:4				1:5		1:10		3		No
Victoria		1:4				1:4		1:11		3		No
ACT		1:4				1:5		1:11		3		No
South Australia		1:4				1:5		1:11		3		No
Tasmania		1:4				1:5		1:10 / 2:25 <sup>c</sup>		3		No

<sup>a</sup> 1:2 children under 2 years who are cared for above ground floor level. 1:3 children under 2 years. 1:8 children aged 2-7 year

<sup>b</sup> 1:8 unqualified, 1:13 if qualified teacher led.

<sup>c</sup> 2:25 for a 'preschool programme'

This comparison shows that most of the jurisdictions reviewed were better than NZ, for children under three years old, although this was not the case for children over three years old, where some were not as good or marginally worse.

The poorer teacher:child ratios for children over three in some United States jurisdictions needs to be balanced against group size limits however, where maximum group sizes were in the range 24 to 30 children.

Another notable feature of these comparisons is that almost all of them had more age group bands than New Zealand, with three to five age group bands being common. Six jurisdictions used overlapping age group bands.



## Appendix 4: 2019 indoor space per child – international examples

Jurisdiction	Age or needs group	m <sup>2</sup>	NZ equivalent m <sup>2</sup> by description
Montana	Special needs	5.00	5.50
Illinois	Play and sleep	5.11	4.60
Michigan	Infants & toddlers	4.65	4.18
Denver	Infants	4.65	4.18
Republic of Ireland	0-1 year	3.5	3.85
Isle of Man	Under two years	3.7	3.70
Saskatchewan		3.70	3.70
Vermont		3.25	3.58
<b>Australian National Regulations</b>		3.25	3.58
British Columbia		3.70	3.52
Minnesota		3.25	3.41
Oklahoma	Infants	3.72	3.34
Pennsylvania		3.72	3.34
Newfoundland and Labrador		3.30	3.30
<b>11 US States</b>	Includes Arizona <1 year	3.25	3.25
Republic of Ireland	1-2 years	2.8	3.08
Ontario		2.80	3.08
Texas		2.79	3.07
Manitoba		3.30	2.97
<b>7 US States</b>		3.25	2.93
United Kingdom	0-2 years	3.5	2.8
Denver	Other than infants	2.79	2.79
<b>New Zealand pre-2008</b>		<b>2.50</b>	<b>2.75</b>
Alabama		2.97	2.68
Republic of Ireland	2-3 years	2.36	2.6
Republic of Ireland	3-6 years	2.3	2.53
Tennessee		2.79	2.51
<b>New Zealand</b>			<b>2.50</b>
Arizona	Over 1 year	2.32	2.32
Isle of Man	Over 2 years	2.3	2.3
Illinois	Infants	2.32	2.09
United Kingdom	2-3 years	2.5	2
United Kingdom	Over 3 years	2.3	1.84

This table was compiled from an English language search for indoor space requirements by Dr Mike Bedford in 2019. The wording of these requirements can differ. The Ministry of Education uses a 10% approximation for the space taken by ‘fixtures and fittings’. This approximation was supported in a sample of 24 ECE environments in 2017, while the space occupied by furniture was also approximately 10% of the floor space on average<sup>[8]</sup>. Using this information, the column for ‘NZ equivalent’ was created by adding 10%, if furniture was excluded (for example in Australia), and deducting 10% if the measurement was gross floor space in an activity area. When applied to the pre-2008 standard for New Zealand, which excluded furniture, this sets the previous *equivalent* standard at 2.75m<sup>2</sup>, if current wording were applied.

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