6 August 2026

Consultation for the Early Childhood Education Funding Review

Te Rito Maioha Early Childhood New Zealand welcomes the opportunity to provide comment to the Ministerial Advisory Group (MAG) on the early childhood education (ECE) Funding Review.

Our submission is grounded in the point that:

ECE is a public good and a strategic national investment, not a cost to be managed. The purpose of the funding system should be to maximise educational, social, workforce and economic outcomes for tamariki, whānau, communities and Aotearoa New Zealand.

We strongly support the MAG's focus on:

- equitable access and participation
- quality ECE
- supporting communities experiencing barriers
- a sustainable workforce.

We understand the unenviable task the MAG has been given addressing a strained ECE funding system within the existing funding envelope. However, we do not agree that these goals should be pursued through redistribution alone or by reducing any quality expectations. The options presented require compromises that would erode the quality of ECE and more importantly impact tamariki.

Sustainable, high-quality ECE requires transformational change backed by sufficient investment. We do not support reform options that redistribute existing funding, weaken quality expectations, or shift further costs to services and whānau. Until Government is prepared to invest adequately in ECE, the current settings should not be changed in ways that reduce quality, undermine teacher qualifications, or create winners and losers across the sector.

The central issue facing ECE is not only that the funding system is fundamentally broken, but that Government funding has not kept pace with the true cost of delivering high-quality ECE. Funding pressure has increasingly been transferred to ECE providers and whānau, creating growing affordability, workforce and sustainability challenges.

The table below shows how ECE funding has failed to keep pace with inflation over time. It illustrates the scale of reinvestment now needed to address cumulative underfunding and restore the sector to a sustainable footing.

Year	Budget increase	% Increase in funding	CPI (previous year)
Budget 2015	No increase	0.00%	0.40%
Budget 2016	No increase	0.00%	0.40%
Budget 2017	No increase	0.00%	1.70%
Budget 2018	1.6% increase	0.00%	1.50%
Budget 2019	1.8% increase	1.59%	1.00%
Budget 2020	1.6% increase	1.80%	1.90%
	Pay Parity and new attestation rate (effective November)	2.29%	0.30%
Budget 2021	1.2% increase	1.56%	1.10%
Budget 2022	2.75% increase plus Extended Partial Parity	1.38%	3.70%
	Extended Parity (effective November)	2.73%	7.20%
Budget 2023	2.73% increase plus Full Parity	8.27%	4.00%
Budget 2024	2% increase	3.68%	2.50%
Budget 2025	0.5% increase	0.50%	3.1%
Budget 2026	1.5% increase	1.50%	-

From quarter one 2015 to quarter one 2026, the total CPI movement is 37.4%. The total ECE funding increase for the same period is 28.7%, meaning ECE funding lags 9% behind CPI.

All of this, in addition to ongoing workforce shortages, compliance obligations, service sustainability, and ongoing regulatory change, puts pressure on the sector. Funding decisions cannot be made in isolation and must consider the real context of these cumulative pressures.

High-quality ECE generates significant educational, social and economic benefits through improved learning outcomes, greater workforce participation, reduced future intervention costs and stronger communities. Funding decisions should therefore be approached as long-term national investment decisions rather than short-term expenditure management.

Our submission is guided by six principles

1. ECE is a public good and a long-term strategic national investment.
2. Quality must be strengthened, not traded away.
3. All tamariki deserve access to high-quality ECE regardless of postcode, ethnicity or family circumstances.
4. Qualified teachers[1] are fundamental to quality outcomes.
5. Workforce sustainability requires strategic planning, investment, and full Pay Parity.
6. Public funding should support educational value, accountability and transparency, not private gain.

[1] Qualified teachers are degree trained, registered and certificated professionals.

Affordability and fees assistance

Te Rito Maioha position

Whānau should not face affordability barriers to participating in high-quality ECE.

Current funding is complex and fragmented across multiple agencies and increasingly difficult for whānau to navigate. FamilyBoost, Childcare Subsidy and ECE subsidies create complexity without addressing the underlying issue that service funding has failed to keep pace with costs. Fees assistance should be simpler, more predictable, and better aligned across Government systems.

Any future funding model should also maintain an appropriate balance between public funding and parent contributions. Funding reform should not result in a greater proportion of ECE costs being borne by whānau. Existing affordability measures, including provisions associated with 20 Hours ECE, should be retained or strengthened to ensure cost pressures are not shifted onto families.

Funding and subsidy systems should better reflect the realities of whānau with non-standard work or study patterns. Families in shift work, casual employment, seasonal work, training, or study need settings that recognise variable income, attendance and participation patterns.

We support:

- Simplification and transparency of fees assistance.
- Better alignment of support systems.
- Increased access to subsidised hours.
- Reduction in administrative burden on families.

We strongly recommend:

- Progressive movement toward up to 25 hours of free ECE regardless of age.
- Funding services sufficiently to minimise fee increases.
- Capping family contributions over time as a proportion of household income.

We recommend:

Rather than shifting money between existing subsidies, Government should simplify fees assistance while increasing direct investment into ECE provision to reduce pressure on parent fees and improve affordability.

Targeted Funding

Te Rito Maioha position

We support maintaining strong universal funding while strengthening targeted investment for children, services and communities facing genuine barriers. Targeted funding should complement, not replace, the universal funding base that supports service viability, access and quality.

We are concerned that increasing targeted funding without increasing overall sector investment would create disproportionate winners and losers across the ECE system.

Simplification should improve transparency and reduce administrative burden but must not reduce support for high-needs services or dilute the purpose of targeted funding. Any new equity model should continue to recognise different forms of disadvantage, including additional learning needs, isolation, language immersion provision and socio-economic barriers.

We support a modernised equity index where it improves the accuracy of funding allocation. This should be supported by robust testing, transparency and meaningful sector engagement before implementation.

We support:

- Updated equity indices.
- Updated isolation funding.
- Additional support for children with additional needs.
- Greater investment in Māori-medium, Pacific and language-immersion services.
- Stronger support for isolated and rural communities.

We do not support:

- Significant shifts away from universal funding.
- Reallocation of funding from quality-related funding streams merely to increase targeted funding.

We recommend:

Maintain universal funding as the cornerstone of the system while introducing more sophisticated equity funding based on genuine community need, isolation, language provision and additional learning support requirements.

Universal funding settings

Te Rito Maioha position

Universal funding remains the most effective mechanism for ensuring the viability, sustainability and availability of ECE across the motu.

The impact on community-based and not-for-profit services needs clearer recognition. These services often operate with a strong public-good focus and may have less capacity to absorb funding shocks, compliance costs, or changes in attendance patterns. Funding changes that do not recognise different operating models could reduce diversity of provision and limit whānau choice.

The current funding caps are unnecessarily complex and are often poorly aligned to modern whānau and workforce participation patterns.

We support:

- Extending funded hours.
- Simplification of funded hour administration.
- Reviewing home-based funding settings.
- Greater flexibility for families.

With the critical caveat:

Any extension to funded hours must be accompanied by funding increases that reflect the actual cost of delivery.

It is unacceptable to expand entitlement while reducing funding rates. Such an approach would undermine service viability and increase pressure on providers.

We recommend:

Expand access and simplify entitlement settings while maintaining adequate funding levels to support high-quality provision.

Teacher qualification funding bands

Te Rito Maioha position

Qualified teachers matter. The evidence consistently demonstrates that quality ECE outcomes are linked to teacher qualifications, professional capability and strong curriculum implementation.

The long-term goal must remain a 100% qualified workforce. Funding settings must support and incentivise this.

The professional requirements are the same for ECE, primary, and secondary teachers. ECE teachers must meet the same initial teacher education degree qualification, registration and certification requirements as primary and secondary teachers and are bound by the same professional Code and Standards. Funding decisions should recognise ECE as an integral part of New Zealand's education workforce and support equivalent expectations for quality, professional status and workforce investment.

We strongly oppose:

- Removing the 100% funding band.
- Weakening qualification incentives.
- Reducing qualification expectations.
- Using workforce shortages as justification for lowering standards.

We support:

- Simplifying administrative requirements.
- Greater flexibility around non-contact time.
- Better recognition of mentoring, planning and professional learning activities.

We recommend:

Maintain strong degree qualification incentives and preserve funding mechanisms that reward high proportions of qualified teachers while reducing unnecessary compliance complexity.

Sustainable ECE workforce

Te Rito Maioha position

A sustainable workforce is the cornerstone of quality ECE.

Current workforce shortages reflect years of underinvestment, inadequate workforce planning, salary inequity, and insufficient attraction and retention strategies. Funding decisions directly affect the future workforce pipeline: if ECE is perceived as underpaid, undervalued, or unstable, fewer people will choose to train, enter, and remain as ECE teachers. Services also need predictable and adequate funding to plan staffing, support professional learning, and offer secure employment. Where funding does not meet actual costs, services may reduce hours, increase fees, rely more heavily on relievers, defer professional learning, or experience higher staff turnover.

Investment in the ECE workforce should be viewed in the same way as investment in primary and secondary teachers, nurses and other critical public-sector professions: as an investment in national capability rather than a service cost.

Full Pay Parity

We strongly support:

- Full Pay Parity.
- Nationally consistent remuneration.
- Workforce development pathways.
- Professional status equivalent to school teaching.

We recommend:

Government should progressively move toward an ECE investment model that:

- funds teacher salaries separately from operational costs.
- guarantees parity funding.
- supports workforce growth.
- invests in scholarships and teacher supply.
- strengthens registration and professional learning pathways.

Information, transparency and accountability

Te Rito Maioha position

We welcome greater transparency, provided it improves understanding without creating disproportionate compliance burdens.

We support:

- Better public information.
- Centralised information portals.
- Annual publication of sector fee data.
- Better understanding and reporting of workforce data.
- Improved evidence regarding outcomes.

Accountability

Public funding should be demonstrably linked to:

- teaching quality,
- workforce capability,
- educational outcomes,
- community benefit.

We recommend:

Develop a consistent national accountability framework focused on educational value and quality outcomes rather than increasing administrative burden.

Modernisation and simplification

Te Rito Maioha position

The ECE funding system has become increasingly fragmented, administratively complex and difficult for services and whānau to navigate. Simplification is necessary.

However, simplification must not become a vehicle for reducing quality funding, weakening workforce standards or reducing public investment.

We support:

- Streamlined, consistent reporting requirements.
- Simplified attendance systems.
- Digital tools for administration.
- More predictable funding arrangements.

We recommend:

Any modernisation should focus on reducing compliance costs for services while improving transparency, consistency and accountability.

Any significant funding reform should be staged carefully and supported by appropriate stable transition arrangements. Funding changes are occurring alongside wider regulatory and workforce pressures, and implementation should avoid unintended disruption to services, tamariki and whānau.

Te Rito Maioha's suggested solution

While the MAG's discussion paper asks how existing funding should be redistributed, we believe the more fundamental issue to be how Government conceptualises ECE funding. If ECE is accepted as a strategic national investment rather than a childcare subsidy, a different investment architecture is required.

ECE teachers enter the profession through recognised initial teacher education pathways, meet the same professional standards as other registered and certificated teachers, and contribute to a seamless learning journey for children. Funding arrangements should reflect ECE's role in education and support stronger alignment across the wider education system.

The issues highlighted point to a deeper structural problem. The current ECE funding model is being asked to deliver affordability, quality, workforce sustainability, equity and accountability without the investment architecture needed to support those outcomes. For this reason, we consider that the MAG's options should be assessed not only against short-term fiscal trade-offs, but against the need for a more coherent long-term investment framework for ECE. The longer-term solution needs to be broader than incremental change.

The future ECE funding model should be based on an investment framework, similar to tertiary education and schooling, with four distinct funding components:

Workforce investment

- Full Pay Parity
- Teacher salary funding
- Workforce development
- Professional learning

Operational investment

- Day-to-day provision
- Resources
- Facilities
- Administration

Equity investment

- Rural and isolated services
- Māori and Pasifika provision
- Children with additional needs
- Community need

Innovation and quality investment

- Curriculum innovation
- Professional leadership
- Research and evaluation
- System improvement

A potential ECE investment model informed by tertiary education principles

We believe there is a strong case that the tertiary education investment model provides a much better foundation for ECE funding than the current ECE subsidy model. The key recommendation is not that ECE should become identical to tertiary education, but that it should adopt the **investment architecture** used in tertiary education. This would provide a credible solution to quality, sustainability, workforce shortages and Pay Parity.

The current ECE model is primarily an attendance-based subsidy model. The tertiary model is an investment-based model.

That single distinction explains why ECE continues to experience:

- chronic underfunding,
- workforce shortages,
- erosion of quality,
- ongoing affordability pressures,
- Pay Parity instability, and
- constant political debate about qualification levels.

Tertiary education receives funding because it is viewed as a strategic investment in national capability and workforce development. Government should view ECE in the same way: as a strategic investment in the national public good and the teacher workforce.

Why the current ECE model does not work

The existing ECE system is largely driven by a range of factors that create structural problems:

- child attendance
- teacher qualification percentages
- age of child
- service type
- parent contributions
- multiple funding streams across Education, MSD and IRD.

Problem 1: Funding follows children rather than educational outcomes

The current model is primarily volume-based. Services receive funding based on attendance hours rather than educational outcomes, workforce capability, strategic priorities or public benefit.

By comparison, tertiary education funding is explicitly linked to Government priorities through the Tertiary Education Strategy (TES).

Problem 2: Teacher salaries are treated as a service expense

Schools and kindergartens have centrally negotiated salary frameworks. Education and care centres must effectively:

- employ teachers,
- negotiate salaries,
- absorb cost increases, and
- manage Pay Parity requirements,

while simultaneously remaining affordable for families.

This creates inevitable tension between quality, wages, affordability, and viability.

Problem 3: Quality competes against affordability

The MAG's entire review assumes trade-offs must occur between **affordability**, **quality**, and **workforce investment** because funding is rigid.

We have consistently argued this framing is fundamentally flawed. The issue is not quality expectations; it is insufficient investment.

What Makes the Tertiary Model Different?

The tertiary system has several features missing from ECE.

National Investment Strategy

Tertiary education operates under a clear national strategy. As such, investment decisions align with:

- Government priorities,
- workforce shortages,
- regional needs, and
- long-term outcomes

through the TES and Tertiary Education Commission (TEC) investment process.

By comparison, ECE has no overarching strategy or dedicated Teacher Workforce Strategy to guide services, teachers or investment.

Accountability for funding

Tertiary education providers that receive Government funding must adhere to funding conditions and accountability expectations. These align provider activity with national priorities and set expectations about educational performance and financial viability. Such conditions create greater transparency about what public investment is intended to achieve.

While tertiary providers have significant flexibility in how they deliver programmes, they also operate within an accountability framework. This includes Investment Plans approved by the Tertiary Education Commission, quality assurance and programme approval processes through NZQA, regular performance monitoring, educational performance reporting, and financial accountability requirements.

ECE already operates within a regulatory framework, but a future ECE investment model could incorporate clearer funding expectations linked to quality (including ratios, group sizes, teacher qualifications), equity, and workforce development. This would strengthen accountability while maintaining flexibility for diverse service types and communities.

Affordability protections

The tertiary education sector has nationally determined limits on tuition fee increases through the Annual Maximum Fee Movement (AMFM). This provides an important affordability safeguard by ensuring that increases in provider costs are not passed directly and disproportionately onto students.

ECE has no equivalent mechanism. As a result, when Government funding fails to keep pace with operating costs, providers often have little option but to increase fees charged to whānau. A future ECE investment framework should consider mechanisms that maintain an appropriate balance between public funding and parent contributions and protect families from excessive fee increases. This could include retaining and strengthening existing affordability protections associated with 20 Hours ECE.

Funding rates reflect costs

TEC funding rates differ according to:

- qualification level,
- subject area,
- strategic priority, and
- delivery costs.

For example, engineering costs more to deliver, and is funded at a higher rate than other subjects that don't require specialised facilities, laboratories, equipment, software, or technical support staff.

Priority workforce areas also receive additional investment. Government explicitly increases funding where workforce shortages exist or where critical workforces, such as nursing, medicine and teaching, need to be sustained.

ECE currently has no equivalent mechanism.

Workforce supply is explicitly funded

In tertiary education, the Government funds workforce needs. Recent investment has specifically targeted:

- nursing,
- engineering,
- agriculture, and
- initial teacher education.

In ECE, workforce funding is largely indirect and reliant on individual employer decisions.

Proposed ECE Investment Model

The strongest solution for the MAG's ECE funding review would be:

Retain service diversity

Funding must enable our diverse ECE network, including:

- kindergartens,
- education and care,
- kōhanga reo,
- Pasifika services,
- home-based services,
- Hospital based, and
- Playcentres.

The tertiary education sector is equally diverse, investing in universities, PTEs, wānanga, and NZIST providers.

A single investment framework could recognise this diversity while allowing tailored settings for different service types, including kindergartens and education and care services, kōhanga reo, Pasifika services, home-based services, hospital-based services, and Playcentre.

Establish an ECE Investment Strategy

This would be equivalent to the TES and guide investment. Government would develop an ECE Investment Strategy based on:

Outcomes

- Te Whāriki outcomes
- School readiness
- Equity
- Workforce participation
- Māori success
- Pasifika success
- Inclusion
- Community sustainability

Workforce

- 100% qualified teacher workforce goal
- Workforce supply targets
- Leadership development
- Career pathways

Service Sustainability

- Rural provision
- Community-based provision
- Priority language provision

Existing work across the sector provides a useful foundation, but it needs clearer strategic direction, goals and measurable outcomes.

The most important reform: separate teacher investment from operational investment

This is where the real opportunity sits. Schools operate with **staffing entitlement** separate from an **operational grant.** The same principle could apply to ECE.

Teacher investment

A nationally funded staffing allocation would cover:

- qualified teachers
- salary progression
- full parity with kindergarten collective
- leadership allowances
- registration costs
- Professional Learning and development

This funding would be ringfenced. Over the longer term, Government could explore a national collective employment framework for ECE teachers. The school staffing entitlement model funds salaries and conditions against actual costs, while kindergarten funding is based on averaged allocations that can leave some associations meeting salary shortfalls from operational funding. This highlights the benefits of separating teacher workforce investment from operational funding and provides a potential pathway toward sustainable Pay Parity.

Operational investment

Separate funding would support:

- buildings
- administration
- support staff
- resources
- utilities
- compliance and insurance

Equity investment

Additional funding for:

- rural provision
- Māori immersion
- Pasifika services
- learning support
- high-needs communities

This aligns closely with the ECE sector position already submitted to the MAG.

How full Pay Parity could be achieved

The tertiary education analogy suggests a solution. Rather than paying providers a higher subsidy and hoping it reaches teachers; Government funds teacher salaries directly against a national scale, as it effectively does in schools and kindergartens.

Benefits include:

- guaranteed parity
- transparency
- reduced administration
- easier auditing
- improved attraction and retention
- removal of competition between services for qualified teachers

Any future system-wide framework should be supported by adequate Government funding and applied consistently across the sector to avoid creating inequities between teachers employed in different service types.

What this would mean for the MAG's review

For the MAG's review, Te Rito Maioha recommends the following:

Recommendation 1

Replace the current subsidy model with an ECE Investment Framework.

Recommendation 2

Develop a 10-year ECE Investment Strategy equivalent to the TES.

Recommendation 3

Separate ECE investment into:

- Workforce investment
- Operations investment
- Equity investment
- Innovation and quality investment.

Recommendation 4

Create a nationally funded teacher salary framework with full kindergarten parity. This must be supported by a Teacher Workforce Strategy.

Recommendation 5

Retain qualification incentives while maintaining the goal of a 100% qualified teacher workforce.

Recommendation 6

Move ECE from a "cost" narrative to a national social and economic investment framework.

This is entirely consistent with our established advocacy that:

- ECE is a public good
- Qualified teachers matter for children's learning outcomes
- Quality drives excellent outcomes
- Workforce investment is essential
- The funding model is outdated and dysfunctional.

Overall assessment on potential new investment framework

We believe the strongest and most politically credible position is to stop tweaking the current ECE funding model and replace it with an ECE Investment Framework modelled on the architecture of tertiary education investment and school staffing entitlements. This approach would allow

Government to guarantee quality, invest in full teacher Pay Parity, strengthen accountability, target investment to communities with greatest need, and treat ECE as a strategic national investment rather than a childcare subsidy.

Conclusion

While we recognise the MAG has been given a narrow mandate, high quality ECE cannot be delivered without adequate investment. The sector is already experiencing workforce shortages, affordability pressures and growing sustainability challenges. Incremental changes to the current funding model will not address these issues. The Government has an opportunity to take a more ambitious approach by investing in ECE as a public good and a strategic national education investment, ensuring every child has access to high-quality early learning.

We do not support any option that reduces quality expectations, weakens qualification incentives, or relies on redistributing existing funding. Our recommendation is that the status quo, including restoration of Pay Parity settings, should remain until Government is prepared to make the level of investment needed to support high-quality, sustainable ECE. We urge the MAG to reject any approach that seeks to improve affordability or sustainability through reduced quality expectations.

The evidence is clear:

- qualified teachers matter
- quality ECE matters
- sustainable services matter
- public investment matters.

The challenge before the MAG is not how to fund lower quality more efficiently. It is how to ensure every child has access to high-quality early childhood education through an investment system that values teaching, supports whānau, sustains services and recognises ECE as one of the most important investments a nation can make.

About us

Te Rito Maioha is an Incorporated Society of nearly 3,300 members who are ECE services and teachers committed to high quality early education for every child. Established in 1963, we are an influential leader in shaping today's early childhood sector through advocacy, policy, and delivering tertiary education qualifications and professional development programmes for current and future early childhood and primary education teachers.

Our bicultural kaupapa, te reo Māori me ōna tikanga, is embedded throughout everything we do and teach. We are committed to ensuring the success of our Pacifika students across the motu by growing authentic relationships that embrace students' whānau and communities across our programmes.

Through our membership we advocate for early childhood education services and the kaiako who provide education to thousands of infants, toddlers, tamariki and young people. Our members are drawn from a diverse range of community-based, privately-owned, kindergarten and home-based early childhood education services and teachers.

We have delivered teacher education since 1980 and are a registered Private Training Establishment (PTE) with the highest rating for a tertiary provider in Aotearoa New Zealand. We are accredited and approved by the New Zealand Qualifications Authority (NZQA) to deliver a range of early childhood and primary school undergraduate, graduate, and postgraduate qualifications (levels 5-9), including specialist kaiako education, both nationally and internationally.

We are governed by a Council made up of elected and appointed members, led by a National President and supported by a National Kaumātua. Our national office is in Wellington and our teaching staff are employed at 11 regional education centres|takiwā ako throughout Aotearoa New Zealand.

We are committed to achieving high-quality teaching and learning by:

- increasing teachers'|kaiako knowledge of Te Tiriti o Waitangi and Aotearoa New Zealand's dual cultural heritage;
- providing access to blended delivery through online and face-to-face, with practical real-life exposure and experiences through undergraduate, graduate, and postgraduate tertiary education programmes leading to recognised and approved qualifications;
- promoting quality teaching and leadership through ongoing professional learning and development programmes;
- providing advocacy and a range of unique resources and services to our early childhood education members;
- collaborating with New Zealand and international partnerships to strengthen research and teacher education.

Make submission to ECE.FundingReview@education.govt.nz by 6 August 2026.

Key contact for Te Rito Maioha Early Childhood New Zealand: Kathy Wolfe, Chief Executive