



Cabinet

CAB Min (10) 13/13
AMENDED MINUTE

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Minute of Decision

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Achieving the Government's Priorities in Early Childhood Education

Portfolio: Education

On 19 April 2010, Cabinet:

Background

- 1 **noted** that the government's highest priority for early childhood education (ECE) is to improve participation by Maori and Pasifika children and children from lower socio-economic status backgrounds;
- 2 **noted** that the costs of ECE to the government have increased markedly in recent years but, to achieve a corresponding improvement in participation for priority groups, the government needs to direct effective intensive support to these groups;
- 3 **noted** that the paper under CAB (10) 187 seeks Cabinet's agreement to Budget 2010 ECE initiatives to achieve the government's goals for ECE;

Participation in ECE

- 4 **agreed** in principle, subject to further work on targeting and implementation, to fund a package of initiatives designed to increase participation in ECE by priority groups, to consist of:
 - 4.1 intensive community participation projects;
 - 4.2 establishing and testing new ways of providing ECE;
 - 4.3 service development to help existing services respond to their communities;
 - 4.4 refocus existing initiatives to engage families in ECE and provide property support;

- 5 **approved** the following changes to appropriations to implement the package of intensive participation initiatives, effective from 1 July 2010, with a corresponding impact on the operating balance and debt:

Vote Education Minister of Education	\$m – increase/(decrease)				
	2009/10	2010/11	2011/12	2012/13	2013/14 & outyears
Departmental Output Expense:					
Strategic Leadership in the Sector (funded by revenue Crown)	-	0.240	0.240	0.240	0.240
Non-Departmental Other Expense:					
Early Childhood Education	-	10.400	21.700	28.600	30.100
Total Operating	-	10.640	21.940	28.840	30.340

- 6 **authorised** the Minister of Finance and the Minister of Education, after consultation with interested agencies, to approve the mix of initiatives and targeting of funding for these initiatives, to be taken in time for specific initiatives to be included in Budget 2010 announcements;

Reprioritising funding to align with priorities

Six hour daily limit on 20 hours ECE / Planned funding increases for staff costs

- 7 7.1 **agreed** to the following savings that do not affect current ECE funding:
- 7.1.1 rescind, for the time being, the Budget 2009 decision to remove the six hour daily limit on *20 Hours ECE* from July 2011 [CAB Min (09) 13/8(20)];
- 7.1.2 reprioritise funding set aside in previous budgets for the flow-on effects of kindergarten teacher salary increases for other ECE providers;
- 7.2 **noted** that the above changes will have the following financial implications:

	\$m – increase/(decrease)				
	2009/10	2010/11	2011/12	2012/13	2013/14 & outyears
Retain six hour cap - ECE	-	-	(16.000)	(16.500)	(16.500)
Retain six hour cap – Childcare Subsidy	-	-	0.600	0.600	0.600
Reprioritise flow-on salary costs	-	(9.253)	(19.605)	(21.064)	(21.745)
Operating Balance Impact	-	(9.253)	(35.005)	(36.964)	(37.645)

- 8 **approved** the following changes to appropriations to implement the savings that do not affect current ECE funding, with a corresponding impact on the operating balance and debt:

	\$m – increase/(decrease)				
	2009/10	2010/11	2011/12	2012/13	2013/14 & outyears
Vote Education Minister of Education Non-Departmental Other Expenses: Early Childhood Education	-	(9.253)	(35.605)	(37.564)	(38.245)
Vote Social Development Minister for Social Development and Employment Benefits and Other Unrequited Expenses: Childcare Assistance	-	-	0.600	0.600	0.600
Total Operating	-	(9.253)	(35.005)	(36.964)	(37.645)

Review of teacher supply initiatives

- 9 **noted** that on 24 March 2010, the Cabinet Social Policy Committee agreed to changes to target teacher supply initiatives more closely to need [SOC Min (10) 5/2];
- 10 **approved** the following changes to appropriations to implement the targeting of teacher supply initiatives, with a corresponding impact on the operating balance and debt:

	\$m – increase/(decrease)				
	2009/10	2010/11	2011/12	2012/13	2013/14 & outyears
Vote Education Minister of Education Non-Departmental Output Expense: Professional Development and Support	-	(0.356)	(0.356)	(0.356)	(0.356)
Benefits and Other Unrequited Expenses: National Study Awards	-	(2.500)	(2.500)	(2.500)	(2.500)
Non-Departmental Other Expense: Early Childhood Education	-	(1.203)	(9.703)	(10.203)	(10.203)
Total Operating	-	(4.059)	(12.559)	(13.059)	(13.059)

- 11 **approved** the following changes to appropriations to implement the recognition of overseas ECE qualified teachers for funding purposes, with the following financial impact:

	\$m – increase/(decrease)			
	2010/11	2011/12	2012/13	2013/14 & outyears
Vote Education Minister of Education Non-Departmental Other Expense: Early Childhood Education Recognising overseas ECE teachers	3.300	3.600	4.000	4.500
Total Operating	3.300	3.600	4.000	4.500

Cost adjustment

- 12 **agreed** to a cost adjustment of 2.4 percent to non-teacher costs for all ECE funding rates, with the following financial impact:

Vote Education Minister of Education	\$m – increase/(decrease)				
	2009/10	2010/11	2011/12	2012/13	2013/14 & outyears
Non-Departmental Other Expenses:					
Early Childhood Education	-	10.800	11.612	12.023	12.286
Total Operating	-	10.800	11.612	12.023	12.286

Aligning funding with 80 per cent teacher registration targets

- 13 **agreed** to align funding with the government's 80 percent teacher registration target, and to remove financial incentives for ECE services to employ more than 80 percent registered teachers, by introducing a new 80 percent + rate to replace the 100 percent and 80-99 percent rates;
- 14 **agreed** that the change proposed in paragraph 13 above be effective from 1 February 2011;
- 15 **agreed** to stop any more ECE services reaching higher 80-99% or 100% funding rates from 1 November 2010, by limiting eligibility for these rates to ECE services with more than 80% registered teachers at their previous payment;
- 16 **agreed** to implement the recognition of primary teachers for funding purposes;
- 17 **authorised** the Minister of Finance and the Minister of Education to finalise the financial implications and approve the necessary appropriation changes to give effect to the proposals in paragraphs 13-16;

Next steps

- 18 **authorised** the Minister of Finance and the Minister of Education to set the specific 2010/11 funding rates for ECE, consistent with the policy decisions above, in time for announcement as part of Budget 2010;
- 19 **authorised** the Minister of Finance and the Minister of Education to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2009/10 Supplementary Estimates, the 2010/11 Estimates and the fiscal forecasts;
- 20 **noted** that the Minister of Education proposes that the above changes be announced in Budget 2010.

Secretary of the Cabinet

Reference: CAB (10) 187

Secretary's note: This minute has been amended to include a new paragraph 15 to reflect Cabinet's decision on this point.