

Impact Summary: Early Learning Regulatory Review: Tranche One

Section 1: General information

Purpose

The analysis set out in this Impact Summary has been produced for the purpose of supporting Cabinet’s decision on the proposed regulatory changes for tranche one of the Early Learning Regulatory Review, following public consultation. The Ministry of Education is solely responsible for the analysis and advice, except as otherwise explicitly indicated.

Key Limitations or Constraints on Analysis

The issues outlined in this analysis cover the first tranche of changes resulting from the Early Learning Regulatory Review (the Review). These are the areas within the Education (Early Childhood Services) Regulations 2008 (the Regulations) that currently present limitations to ensuring regulatory standards are met or are cumbersome to implement. The regulation changes selected for the first tranche are those with greatest urgency or which address known issues.

As these issues are tightly defined, there are limited options to address them. In some circumstances, the Ministry only identified one viable option. The preferred option for each issue was presented to the public as draft regulations. Following public consultation, we have incorporated additional policy options in some areas which are the preferred options for the final version of the proposed regulations.

As latter tranches of the Review will address other parts of the regulatory system, there may be further changes to the issues covered in this analysis in the medium term.

Responsible Manager (signature and date):

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13/05/2020

To be completed by quality assurers:

Quality Assurance Reviewing Agency:

The RIA was assessed by the Ministry of Education's regulatory review panel.

Quality Assurance Assessment:

The panel reviewed the Early Learning Regulatory Review: Tranche One RIA and assessed it as partially meeting the RIA review criteria.

Reviewer Comments and Recommendations:

The proposed changes are generally supported by stakeholders and are likely to provide greater clarity to the licencing process and requirements if well implemented. The statement's discussion of implementation and monitoring, however, remains light. This impacts on the confidence that the benefits sought will be realised. It will be important, therefore, that the Ministry manages this risk by successfully communicating and delivering the changes.

Section 2: Problem scope

2.1 Background

Review of the Early Learning Regulatory System

The Ministry of Education is currently undertaking a review of the early learning regulatory system. The purpose of this Review is to ensure that the regulatory system for the early learning sector is clear and fit for purpose to support high quality educational outcomes. This includes ensuring there are effective pathways for dealing with services that are non-compliant with regulatory standards. The Review requires consideration be given to what is meant by high quality education in the early learning context. It also considers the Ministry's role as both a steward of the system and a regulator, alongside other agencies.

This Review is timely due to the significant changes in the sector since the current regulatory system was established in 2008, as well as changes proposed as part of the Early Learning Action Plan 2019-2029 (Action Plan) and Review of Home-based Education. The Regulations Review Committee recently recommended a re-write of the Regulations following a complaint regarding the Education (Early Childhood Services) Amendment Regulations 2019. There have also been instances in recent years that highlighted limitations or a lack of responsiveness in the current regulatory framework.

The Review is being completed in three tranches to ensure that the high priority issues can be progressed in a timely fashion while allowing additional time for the matters that require further policy work and consultation. This regulatory impact analysis covers the proposed final regulation changes that are within the first tranche of the Review.

Tranche one of the Review

The Ministry's work on non-compliance in the early learning sector has identified several priority areas within the Regulations that present limitations to implementation. These limitations pose difficulties in ensuring regulatory standards are being met and that service providers are being held to account, thereby creating a level of risk to the health, safety, and wellbeing of children attending. Tranche one looks at amending the following areas:

- Options for dealing with services that have repeatedly had their licence reclassified as provisional.
- The circumstances in which a licence can be reclassified as provisional while an investigation takes place.
- The use of written directives for health and safety matters.
- Provisions relating to licence amendments if there is a change in the identity of the service provider operating the service.
- Reviewing the 21-day minimum notice period for licence suspensions for not returning a full licence when invalid and for a change in control.

- The information used when granting an application for a probationary licence to assess if a service provider is likely to comply with the curriculum standards, the health and safety practices standards, and the governance, management, and administration standards set out Regulations.
- The circumstances around the application fee for a new licence.

More detail on each of these areas is outlined in section 2.2. Below is background information about the early learning regulatory system and licensing process that is necessary for understanding the proposed changes.

The Early Learning Regulatory system

Government regulation of early learning is intended to establish the parameters for the operation of the sector (for example, through establishing a licensing and accountability regime), and to ensure at least minimum standards of health, safety, wellbeing and education for young children. Regulation is also used as a mechanism to implement government policies and goals such as around diversity and choice, or ratios of adults to children.

The regulatory system governing minimum standards for early learning in New Zealand is divided into three tiers.

- First tier – the Education and Training Act 2020. The Act regulates the early learning system by establishing a licensing and certification system for services, defining service types, and empowering regulations and criteria to be developed.
- Second tier – the Education (Early Childhood Services) Regulations 2008 and Education (Playgroups) Regulations 2008.¹ These regulations provide the licensing process for establishing and transferring services; regulate the management, operation, and control of services; and prescribe minimum standards for ensuring the health, comfort, care, education, and safety of children attending services.
- Third tier – the Licensing Criteria. These are more detailed standards set under the second tier regulation that services must comply with, and are promulgated by the Ministry of Education (the Ministry). These cover a wide range of areas such as expectations around the premises, health and safety, governance, and management as well as professional practice. The Criteria are used by the Secretary for Education (the Secretary) and the Ministry in its assessment of service quality compliance against regulated standards.

¹ Throughout this regulatory impact statement, the term *early learning* has been used as an inclusive term to describe the range of services providing education and care of children before they go to school. However, the Regulations refer to *early childhood education services* which comprises all licensed or certificated early learning services, including education and care services, kindergartens, ngā kōhanga reo, playgroups, hospital-based services, and home-based services.

Licensing process

There are four classes of licences that early learning services can operate under:

1. *Probationary licence*: A probationary licence is the class of licence that is issued to allow the service to open and begin operating while a full licence application is assessed. When a potential service provider wishes to open a service, it applies to the Ministry for a licence. The Secretary assesses the application and undertakes a licence assessment visit to determine if the service complies with the standards set out in Regulations and is therefore ready to be granted a probationary licence. A probationary licence is issued under Regulation 11.
2. *Full licence*: A full licence assessment must be carried out within 12 months of the service gaining a probationary licence. A full licence is granted under Regulation 13.
3. *Provisional licence*: If a service is found to not be complying with the regulated standards or the conditions in which the licence was issued, the Secretary may at any time reclassify a service's probationary or full licence as a provisional licence. The service will have one or more conditions it must meet before it can be returned to a probationary or full licence (as applicable). The service can continue to operate while on a provisional licence. If the service does not meet the conditions by the date specified, the licence is cancelled. The maximum duration for a provisional licence is 12 months. The process for reclassifying a licence as provisional is within Regulation 15.
4. *Temporary relocation licence*: The Secretary may grant a temporary relocation licence if a service provider needs to temporarily relocate the service to other premises (whether because of renovations to the premises or otherwise). The new premises must comply with, or be likely to comply with, the Regulations relating to premises and facilities. A temporary relocation licence may last for up to ten months. A temporary relocation licence is issued under Regulation 18.

In cases of serious non-compliance or where there are serious risks to the health, safety, and wellbeing of children, the Secretary may suspend a licence. This means the service must close until such time as it complies with the conditions set out in the notice to suspend.

There are also situations where the Secretary must cancel a licence. This includes when services continue to operate while on a suspended licence, the service provider has been convicted of certain types of offences, or the service has ceased to operate.

2.2 Problem definition and impact

The proposals in this regulatory impact analysis address problematic areas in the regulations and will result in amendments to the Education (Early Childhood Services) Regulations 2008. The changes relate to issues that impact the following groups:

- **Children, parents, and whānau** – The health, safety and wellbeing of children may be compromised when attending low quality services that do not comply with minimum regulatory standards. There is also an impact on a child's participation in early learning if their service's licence status changes and can no longer operate. This has flow on impacts for caregivers' labour market participation, at least in the short term. The proposed regulatory changes will have a positive impact on these areas, as they support well-run service providers, which should have a positive impact on learners, families, and caregivers.
- **Early learning service providers** – They are impacted through the changes in their interactions with the Ministry, as the regulator of the system. These changes may impact the operation of the service compared to the status quo. In some cases, this may result in different outcomes for some services, including impacts on their ongoing operation.
- **Early learning service employees** – If there is a cancellation or suspension of a service's licence, there will be an impact on those employed at the service through the loss of their job and income.
- **The Ministry as the regulator** – Changes to the licensing system operation and administration, including additional tools for dealing with non-compliance, will have an impact.

Provisional licences

Services that repeatedly have their licence reclassified as provisional

There is no restriction on the number of times a service can have their full licence reclassified as provisional. This means that services can continually cycle on and off a provisional licence classification without the consequence of having their licence cancelled. Concerns have been raised about services that are repeatedly on a provisional licence classification for the same types of breaches.

If a service has a history of provisional licence classifications, it may demonstrate that the service is of low quality and lacks the capability to improve and embed practices that meet the minimum regulatory requirements. This could have detrimental effects for the health, safety, and educational outcomes of children. There is currently no ability for the Secretary to consider cancelling a licence on the grounds of repeated provisional licence classifications.

The Ministry seeks to change the behaviour of early learning services that continually cycle on and off provisional licence classifications, particularly for similar breaches of the Regulations. By creating a risk of licence cancellation, services that have a history of provisional licence classifications will be incentivised to maintain compliance with the Regulations and ensure that they do not repeat similar breaches. Services that are unable to break the cycle of provisional licence classifications may not have the resources or know-how to maintain compliance. In these cases, it may be appropriate for these services to have their licences cancelled to maintain a quality network of provision.

Allowing the Secretary to reclassify a service's licence as provisional while an investigation takes place

Regulation 15(1)(c) enables the Secretary to place a service on a provisional licence when there has been a complaint alleging non-compliance against the Regulations that warrants investigation.

If the Ministry is notified of an incident that requires an investigation, but no one has lodged a complaint, there are two ways the situation can currently be managed. The Secretary can either keep the service on their current class of licence, with no obligation on the service to notify parents. Alternatively, the Secretary can suspend the licence if there were concerns that met the definition of a suspension, in which case the service must close while an investigation takes place.

The Ministry may be notified of an incident where a child has been seriously injured and an investigation is required, but a licence suspension is not appropriate. In these circumstances, there is currently no ability for the Ministry or the Secretary to require an investigation to take place. A service's licence will only be suspended under Regulation 30 if allowing the service to continue operating is considered not in the best interests of the children attending the service.

Who is affected and how?

The main parties that will be affected by the proposed changes are children, parents, and whanau as children will be less exposed to health and safety risks and poorer quality of care and education.

Early learning service providers will be impacted as they may have their licence reclassified as provisional or their licence cancelled.

The proposed changes also impact on the Ministry as a regulator because it would provide additional mechanisms to support compliance. It would also increase workloads for regional staff.

The use of written directives for health and safety matters

The current options for dealing with non-compliance by service providers are limited and the process is linear from suspension of a licence, and/or reclassification as provisional, to cancellation of the licence. These licensing interventions have a formal status in the Regulations and require the Secretary and the Ministry to follow a particular process.

There are currently limited options when either:

- there are minor health and safety matters that do not warrant a formal licensing intervention;
- the Secretary is going to reclassify a service's licence as a provisional but there is a health and safety matter that requires immediate attention; or
- there is a health and safety matter that requires immediate attention that may trigger a suspension if not addressed, but there are no other issues with the service so a suspension may not be warranted or may be viewed as heavy handed.

The intent of written directions for health and safety matters is to have a more effective and targeted compliance tool rather than resorting to a licensing sanction. It is also intended for use in cases where a service has an immediate issue that needs addressing in order to remain safely open.

Who is affected and how?

The power provided through the proposed change would benefit children and staff in a service because service providers would be required to address health and safety matters that pose a risk to children within a short timeframe. This should limit the ongoing risk of harm to children and staff.

Service providers would be impacted by the change because they would need to rectify a health and safety risk (which is considered likely to breach the Regulations) within a short period of time. If the service provider does not comply with the written direction within the specified timeframe, the Secretary would be able to reclassify the licence as provisional or suspend the licence. The service provider would benefit because the regulatory power available to the Secretary is proportionate to the risk, with the service able to continue operating while addressing the risk promptly.

The power would benefit the Secretary because they can formally require service providers to take remedial action quickly. They will not need to resort to more intensive licensing sanctions or wait for a full investigation of all regulatory matters to be completed before taking action.

Provisions for licence amendments when the service provider changes

There is a lack of clarity in two areas regarding the current provisions for a licence amendment when there is a change in the identity of the service provider.

The requirement for a service provider to apply for an amendment before taking over the operation of the service.

Regulation 33(1)(c) of the Regulations requires a licensed early learning service to apply to the Secretary for a licence amendment if there is a change in the identity of the service provider operating the service. To approve the changes, the Secretary must be satisfied that any proposed person is a fit and proper person, and the Secretary must review the licence. The intent of this provision was to require a service provider to apply for an amendment *before* a change in the identity, so that the Secretary can undertake the necessary assessments. However, this is not clear in the current wording.

The phrase “review the licence” is not clarified in the Regulations.

The intention of this requirement was to give the Secretary the discretion to use appropriate assessments, including assessments used for granting a probationary licence (Regulation 11) and/or for granting a full licence (Regulation 13).

This lack of clarity has meant that some service providers are using the less rigorous licence amendment process to effectively start a new service rather than applying for a new licence. Service providers using the licence amendment process in this way could pose risks to the health and safety of children, and the quality of care and education provided. There have been a few examples of this, such as:

- services that want to expand rapidly into other regions and had previously had their applications for a new licence declined;
- services under the same governance organisation that seek to transfer licences between themselves to avoid financial scrutiny; or
- people or bodies purchasing an early learning business with little understanding and preparedness for the full responsibilities of operating an early learning service.

Due to changes to the market structure of the early learning sector, we have seen an increase in the number of applications for licence amendments, largely for a change in the identity of a service provider. In particular, there has been an increase in the number of providers owning multiple services across regions, which has led to an increase in governance changes and transfers of early learning businesses. This has exacerbated the two unclear areas outlined above and has also revealed regional variability in the approach to licence amendments for a change in the identity of the service provider. These issues lead to a lack of clarity for the early learning sector and could lead services to challenge the Secretary's regulatory actions.

Who is affected and how?

The proposed changes would impact children, parents and whānau as they would decrease risks to the health and safety of children, and ensure the quality of care and education provided. The changes would ensure that services are being operated by service providers that have gone through a rigorous assessment.

Services providers that have a change in the identity would benefit from the increased clarity in terms of making operating decisions. The Ministry would be able to improve the consistency of regional approaches to licence amendments.

The 21-day minimum notice period for licence suspensions for change of control

The Secretary may suspend an early learning service's licence if satisfied that an early learning service is no longer under the control of its licensed service provider. The Secretary must provide a notice period of at least 21 days before the suspension takes effect (Regulation 31(2)).

Service providers have a continuing duty to advise the Secretary of any changes in circumstances, such as a change in control (Regulation 35). The intent of this provision is to capture early learning services that have changed control without applying for an amendment under Regulation 33(1)(c) (change in the identity of the service provider).

There have been instances where the requirement of a 21-day minimum notice period has led to risks to the health and safety of children, and the quality of care and education:

- a situation whereby two bodies were in conflict over which one was the service provider, leading the Ministry to be uncertain as to which body was providing care and education during the 21-day notice period; and
- a situation whereby the business that was the service provider went into receivership, and when the receivers took over, their intent was to receive funding and the Ministry was not able to provide this funding as it could not be assured that the receivers would provide quality care and education in the 21-day notice period.

Who is affected and how?

The proposed changes would impact children, parents and whānau as they would decrease risks to the health and safety of children. When there has been a change of control, having a 21-day minimum notice period before suspension could mean that a service is being governed by persons who have not been subject to a fit and proper assessment and the licence may not have been reviewed.

Removing the 21-day minimum notice period may give parents and whānau less time to find an alternative early learning service for their children. Services may also have less time to prepare for the service being suspended.

The Ministry would benefit from having greater discretion to reduce the length of the notice period when risks are posed to children.

The 21-day minimum notice period for suspensions for not returning a full licence

The Secretary may suspend an early learning service's licence if the service has not returned its full physical licence after the licence has been reclassified as a provisional licence (Regulation 30(3)). The Secretary must provide a notice period of at least 21 days (Regulation 31(2)). A service cannot operate, and children cannot attend, when a service's licence is suspended.

If a service has not returned its full licence it may still be displaying this invalid licence. There was concern that this would be misleading to parents and whānau, and may pose risks to the health and safety of children, and the quality of care and education provided.

However, this requirement now appears ineffective, as services can easily display photocopies of a full licence even after returning their physical licence to the Secretary.

Who is affected and how?

The proposed change would mainly impact service providers as it removes the unnecessary administrative burden of returning a physical licence when invalid.

Information used to assess an application for a probationary licence

Regulation 11(1)(b) states that the Secretary must grant a probationary licence if satisfied on reasonable grounds, and having regard to the information provided, that the service is likely to comply with the curriculum standard set out in Regulation 44, the health and safety practices standard set out in Regulation 45, and the governance, management, and administration standard set out in Regulation 47.

As part of the application for a new licence, the Ministry requests that the applicant provides information regarding how they will be adhering to the regulated standards outlined in Regulation 11(1)(b), such as their policies and procedures. The rationale for requesting this information from the applicant is that when a new service is set up, there may not necessarily be evidence of compliance with these regulations because the service has not yet opened. By requiring the information be provided, it acts as a proxy for proving compliance with the regulated standard. This is useful in cases where a potential service provider is new to the market and there is no licensing or regulatory history for the Ministry to draw on for its assessment for a probationary licence.

However, the current wording of the regulation creates uncertainty about what information the Secretary can consider when deciding to grant a licence. There is an argument that this decision is solely limited to the information provided by the applicant, rather than the applicant's information and any relevant information held by the Ministry. This may mean that if an applicant does not disclose a previous breach of health and safety standards which have put children at risk, even on prompting, the Secretary is unable to use this knowledge in declining the application.

If a relevant matter is not disclosed, the Ministry is obliged to raise that matter with the applicant and offer the applicant an opportunity to comment or amend their application.

Who is affected and how?

There is potential that children can be exposed to risks if a full range of information is not used when determining if a service is ready to begin operating. The proposed change to the regulations would ensure that the Secretary is able to consider known history of the applicant when assessing a licence application so that poor-quality providers are less likely to be granted a probationary licence, thereby increasing the safety of children.

This regulation impacts on prospective service providers as it currently suggests that the Secretary is limited to only considering information provided by the applicant when granting a licence. The proposed change does not alter the requirement for service providers to supply evidence in their application, so the impact on service providers is minimal.

The proposed change would remove doubt about whether the Ministry and the Secretary are able to consider information they may know about but have not been provided by the applicant, including any previous breaches of the Regulations mentioned. This would also mean that in cases where an applicant has not supplied the full information to support their application, there would no longer be the need to go back to the applicant seeking clarification of their application, thereby saving time and resources.

Application fee for a new licence

Regulation 25(1) states that 'the Secretary must not issue a licence unless the service provider has paid the Secretary a fee of \$2,756.25'. The policy intent for the fee is to help offset the costs to the Ministry associated with the processing and assessment of the licence application. However, the current wording is unclear that the fee is to be payable on application and retained by the Ministry to help offset the costs of the licensing applications.

The GST-inclusive fee in Regulation 25(1) is also out of date. It was set in 2008 when GST was 12.5% however GST is now 15%.

Who is affected and how?

The processing and assessment of a licence application requires considerable resource from the Ministry. The proposed change of clarifying that the fee is payable upon application and is non-refundable, would ensure that the fee is paid to the Ministry to help offset these costs. Clarifying that the fee is non-refundable would also help to discourage poorly completed and/or repeated applications.

The impact on service providers would not be high, as this is seeking to clarify current practice. There is no impact on early learning service employees and no impact on children, parents, and their whānau, as the application fee is paid prior to a service opening.

Section 3: Policy objectives and option analysis

3.1 Policy objectives

There are four guiding policy objectives that are central for the Regulatory Review. The first three objectives are less relevant for the more technical nature of these proposals. These three points have been combined into one criterion (“Policy objectives”) for assessing the options.

The early learning regulatory system:

1. has learners/ākonga and their whānau at the centre of education

- The regulatory system protects the safety, wellbeing, and education of learners/ākonga and ensures that all learners/ākonga are free from all forms of racism, discrimination, and stigma.
- The regulatory system ensures that every learner/ākonga feels safe, appreciated, and included for who they are, including their identity, language and culture, and learning needs.
- The regulatory system promotes partnership between early learning services, whānau, and the community, and supports Māori to exercise authority and agency about the learning of their tamariki as per the principle of partnership in Te Tiriti o Waitangi.

2. enables barrier free access and enhances choice for every learner/ākonga

- The regulatory system ensures equitable outcomes for all learners/ākonga.
- The regulatory system supports the diverse provision of early learning services which offers choice to parents and whānau.
- The regulatory system enables parents and whānau to exercise choice and mana tikanga, based on their educational and cultural aspirations.

3. ensures a quality teaching and non-teaching workforce and leadership

- Those involved in the care and education of learners/ākonga are diverse, highly skilled, and motivated to make a positive difference.
- The regulatory system promotes a healthy early learning sector by taking into account the needs of service providers and kaiako (people in teaching positions).

4. provides the foundation for learning in a world class inclusive environment

- **Te Tiriti o Waitangi:** ensuring that the regulatory system upholds the Ministry’s responsibilities under Te Tiriti o Waitangi, including enabling Māori to exercise tino rangatiratanga, provide active protection of taonga, and support an effective partnership between learners/ākonga, their whānau, service providers and the Crown.

- **Effectiveness and risk management:** there are clear results demonstrating that the regulatory system delivers its intended outcomes.
- **Efficiency:** the benefits of the regulatory system outweigh the costs.
- **Durability and resilience:** the regulatory system responds well to variation, pressure, and changes. It provides flexibility for service providers to develop innovative ways to meet requirements, and flexibility for regulators in dealing with non-compliance.
- **The Ministry as a capable regulator:** the Ministry has the capability to effectively and efficiently operate the regulatory regime with ongoing attention to improving outcomes for learners/ākonga.
- **Fairness and accountability:** the regulatory system is transparent and delivers good process and is clear and transparent to ensure all actors within the system know where they stand and why. When non-compliance occurs, the principles of natural justice apply.

We have used the six regulatory objectives under the fourth guiding policy objective as main criteria for this analysis as they are a better fit for the technical nature of the proposals.

3.2 Options identification and stakeholder views

Outlined in the table below are identified options, criteria against which each option is assessed, preferred option, and stakeholder feedback on the preferred option.

The criteria for assessment have been outlined in section 3.1 above. The analysis on each of the options within the issue headings use the following key:

- ++ much better than doing nothing/the status quo
- + better than doing nothing/the status quo
- 0 about the same as doing nothing/the status quo
- worse than doing nothing/the status quo
- much worse than doing nothing/the status quo

Options	Assessment against objectives								Preferred option	Stakeholder views
	Policy objectives	Te Tiriti o Waitangi	Effectiveness & risk management	Efficiency	Durability & resilience	Ministry as capable regulator	Fairness & accountability	Overall assessment		
Provisional licence cycling										
<i>Policy intent: Allow the Secretary to consider cancelling a licence on the grounds of repeated provisional licences.</i>										
<i>Status quo:</i> Continue with the current approach of no restrictions or consequences for services that have had their licence reclassified as provisional multiple times.	0	0	0	0	0	0	0	0	<p>Preferred option - Option three: This option most strongly enables transparency and fairness whilst still enabling the Ministry to act as a capable regulator.</p> <p>The status quo puts children at ongoing risk if the service continues to operate without any enduring improvements in service quality. The other three options all enable a service's licence to be cancelled when sustained non-compliance is evident to the Ministry, which allows the Secretary to take stronger action where a service has repeatedly had their licence reclassified as provisional. However, for option one, it is difficult to determine the appropriate maximum number of provisional licence reclassifications before cancellation is considered. Option three build son option two by accounting for circumstances where a licence is reclassified as provisional in the case of an investigation, thereby providing greater fairness and accountability.</p>	<p>90% agreed that the Secretary should be able to cancel a licence when there is evidence that a service provider is not consistently complying with the regulations, while 4% disagreed.</p> <p>Respondents' comments were divided on the level of discretion that should be employed when considering a service's provisional licence history. Some respondents felt that cancellation should be required after a certain number of provisional licences within specified timeframes, while others felt that the Ministry should take a supportive, rather than punitive, approach and consider the type and seriousness of breaches as well as other aspects of the service's circumstances before considering cancellation.</p>
<i>Option one:</i> Prescribe a limit on the total number of times that a service's licence can be reclassified as provisional.	-	0	+	+	-	+	-	0		
<i>Option two:</i> Enable the Secretary to consider a service's previous provisional licence history before determining whether to issue another provisional licence; or progress to cancellation.	+	0	+	+	+	+	+	+6		
<i>Option three:</i> Enable the Secretary to consider a service's previous provisional licence history, excluding those reclassified under Regulation 15(1)(c) and 15(1)(ca), before determining whether to issue another provisional licence; or progress to cancellation.	+	0	+	+	+	+	++	+7		
A provisional licence issued for an investigation										
<i>Policy intent: Allow the Secretary to reclassify a service's licence as provisional while an investigation takes place.</i>										
<i>Status quo:</i> If the Ministry is notified of an incident that requires an investigation, it can either keep the service on their current class of licence, with no obligation on the service to undertake an investigation, or alternatively, the Secretary can suspend the licence if there were concerns that met the criteria for a suspension.	0	0	0	0	0	0	0	0	<p>Preferred option - Option one: This provides the greatest level of transparency for parents, the wider public, and the Ministry. It addresses the problem identified by enabling the Secretary to place services on a provisional licence if an incident involving a child occurs that requires an investigation. This option strongly meets the criteria of durability and resilience, as well as fairness and accountability.</p>	<p>61% agreed that following an incident involving a child, the Secretary should have the ability to reclassify a licence as provisional while an investigation is undertaken, while 25% disagreed.</p> <p>Respondents were concerned about the clarity of what constitutes an 'incident' and thought these measures should only be used for serious incidents. There were also concerns that it would be unfair to have a potential cancellation due to the licence being reclassified as provisional following an accident without any clear regulatory breach. One suggestion was to have a new category of licence to indicate that the service is under investigation. This is outside the scope of the original Cabinet approvals so will be considered as part of the wider regulatory review into other aspects of the licensing system.</p>
<i>Option one:</i> Insert a new provision into Regulation 15 that would allow the Secretary to reclassify a service's licence as provisional in the case of an incident involving a child that the Secretary considers requires an investigation. This would allow the Secretary to require a service, or a third party, to undertake an investigation and be kept informed as to the progress of that investigation.	+	0	+	+	+	+	+	+6		

The use of written directions for immediate health and safety matters											
Policy intent: Have options available to deal with health and safety matters that require immediate attention and/or, are minor and don't warrant a formal licensing intervention.											
Status quo: Leave the option of issuing a written direction undefined within the Regulations	0	0	0	0	0	0	0	0	0	Preferred option - Option one: This option ensures transparency as to the status and process for a written direction. It would allow the Ministry to deal with immediate health and safety matters without having to resort to a resource-intensive licensing sanction. It would allow health and safety matters that require the immediate attention of the service provider to be addressed without impacting unduly on the operation of the service and thereby reducing the immediate risk to children. This option also improves the durability and resilience of the system by providing the Secretary with a wider set of tools to deal with health and safety matters more flexibly. It also has a positive impact on risk management and the Ministry's role as a capable regulator by supporting a more proportionate response to these matters.	86% agreed that issuing written directions for health and safety matters that require immediate attention is a good way to require a service to immediately address the matter while allowing them to safely remain open, while 5% disagreed.
Option one: Create an option of written direction for health and safety matters requiring the service provider's immediate attention. This would only be used in situations where the issue can be dealt with quickly and safely while the service remains open. Written directions will also form part of the licensing history of the service provider. Any non-compliance with a written direction could result in the service's licence being reclassified as provisional or suspended, depending on the circumstances. This option would result in a new Regulation 54A that would enable the Secretary to issue a written direction to a service provider to remedy the immediate health and safety risk. Service providers would be required to comply by the date specified on the notice.	+	0	+	+	+	+	+	+	+6	The status quo leaves the status of the written direction unclear which runs the risk of written directions issued by regional offices being challenged.	68% agreed that up to five working days is an appropriate length of time for a service to comply with a written direction, while 19% disagreed. Respondents were concerned that it may be difficult to access tradespeople within five working days. Therefore, we have extended the timeframe for compliance to 'up to ten working days', to balance the health and safety with the ability of the service provider to remedy the issue. 90% agreed that the Secretary should be able to suspend a licence, or reclassify it as provisional, if a service has not complied with the written direction within the specified timeframe, while 4% disagreed.
Timing of the application for a licence amendment when the service provider changes											
Policy intent: To require a service provider to apply for an amendment before a change in the identity of the service provider.											
Status quo: Service providers often apply for a licence amendment after a new service provider has taken over the operation of the service.	0	0	0	0	0	0	0	0	0	Preferred option - Option one: This would significantly improve on the status quo in terms of effectiveness and risk management in the regulatory system. For example, the change would reduce the likelihood of service providers using the licence amendment process to effectively start a new service rather than applying for a new licence, thereby reducing risks to the health and safety of children. It also would clarify the intent of the provision and support greater regional consistency in approaches to licence amendments for a change in the identity of the service provider.	76% agreed that the changes better reflect that service providers must apply for an amendment before there is a change in the identity of the service provider, while 8% disagreed.
Option one: Clarify that early learning services are required to apply to the Secretary for a licence amendment if there is a proposed change in the identity of the service provider operating the service before the new service provider takes over operations.	+	0	+	+	+	+	+	+	+6	The status quo risks new service providers operating with little scrutiny until the licence is reviewed as part of the licence amendment process.	Respondents supported preventing poor provision by making these clarifications. However, a few respondents were concerned about the impact on sale and purchase processes and the potential impact on community-based services.
Scope of the review of the licence when the service provider changes											
Policy intent: To give the Secretary the discretion to use appropriate assessments, including assessments used for granting a probationary licence (Regulation 11) and/or for granting a full licence (Regulation 13).											
Status quo: There is a lack of clarity on what is meant by 'reviewing the licence,' meaning inconsistent approaches to licence amendments across regions.	0	0	0	0	0	0	0	0	0	Preferred option - Option one: This would clarify the intent of the provision and support greater regional consistency in approaches to licence amendments for a change in the identity of the service provider.	74% agreed that the changes better reflect that the Secretary has the discretion to use appropriate assessments, while 6% disagreed.
Option one: Clarify that the phrase 'review the licence' can include the assessments used for granting a probationary licence (Regulation 11) and/or for granting a full licence (Regulation 13).	+	0	+	+	+	+	+	+	+6	Option two on the other hand would reduce the Secretary's discretion when approaching licence	

<i>Option two:</i> Require licence amendments for service provider changes to be assessed using the assessment in a probationary licence (Regulation 11) and/or for granting a full licence (Regulation 13).	0	0	-	-	-	-	-	-	-5	amendments and have significant operational implications which would create additional workload (e.g. for changes in governance or organisational structure in large organisations). The lack of clarity in the status quo means that service providers can use the less rigorous process of licence amendment to effectively start a new service rather than applying for a new licence which has potential risks for children.	Respondents supported the Ministry ensuring quality provision by making these clarifications. Several respondents felt that clarification on the nature and intensity of assessments was needed.
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Removing the 21-day minimum notice period for suspensions for a change of control
Policy intent: Reduce or remove the 21-day notice period for licence suspensions to avoid exposing children to risks to their health and safety and poorer quality of care and education

<i>Status quo:</i> If a service is no longer under the control of the licensed service provider then there must be a 21-day notice period to suspend the licence.	0	0	0	0	0	0	0	0	0	<p><i>Preferred option - Option two:</i> This option comes out more strongly against the criteria of effectiveness and risk management in the regulatory system since it would allow the Secretary to use discretion to reduce the period of time before a suspension takes effect when risks are posed to children. A suspension would take effect on the date specified in the notice effecting it, which could be immediate. Parents and whānau would have a shorter length of time to find an alternative early learning service, but this is outweighed by the benefit of decreasing risks to children.</p> <p>Option one and the status quo mean that a service could be governed by people that have not been subject to a fit and proper assessment and the licence may not have been reviewed, which could pose risks to children.</p>	<p>68% agreed that we should remove the 21-day minimum notice period for suspensions for change in control of a service provider without a licence amendment, while 12% disagreed.</p> <p>Respondents largely supported having more timely protection of children’s health and safety. However, some respondents were concerned about the impact on children and whānau of having to find alternative early learning services. Some respondents also had concerns about delays to the transition to a new service provider, for example, when there is a sale and transfer process. A number of survey respondents supported decreasing the time period for suspension rather than removing it, with the average number of days being approximately 7.5 days.</p>
<i>Option one:</i> Reduce the 21-day minimum notice period for such suspensions to, for example, 10 days, but not allowing suspensions immediately upon notice.	0	0	+	0	+	+	0	+3			
<i>Option two:</i> Remove the 21-day minimum notice period for suspensions if a service is no longer under the control of its licensed service provider.	+	0	+	+	+	+	+	+6			

Removing the 21-day minimum notice period for suspensions for not returning a full licence when invalid
Policy intent: Reduce or remove the 21-day notice period for not returning an invalid full licence to ensure that parents and whānau are not misled as to their service’s licence status

<i>Status quo:</i> If a service has had its licence reclassified as provisional and it does not return their licence, then the Secretary gives 21 days’ notice that the licence is to be suspended.	0	0	0	0	0	0	0	0	<p><i>Preferred option - Option three:</i> This option removes an unnecessary compliance burden on services that is posed by the other three options. Option three therefore measures more strongly against the criteria of efficiency, and fairness and accountability. However, there is a risk of misleading parents and whānau as to the issues within the service if the invalid licence continues to be displayed in the service. The Ministry will explore other options in later tranches of the Review to ensure that parents and whānau are made aware of their service’s licence status.</p>	<p>At the time of the online survey, option two (to remove the 21-day minimum notice period) was our preferred option. 66% agreed with this option, while 13% disagreed.</p> <p>Several respondents questioned the need for being able to suspend a licence on these grounds, since the physical return of a license is no longer as important as it once was due to changes in digital technologies. Based on this feedback, we changed our preferred option to removing this regulation, instead.</p>
<i>Option one:</i> Reduce the 21-day minimum notice period for such suspensions to, for example, 10 days, but not allowing suspensions immediately upon notice.	0	0	0	0	+	+	0	+2		
<i>Option two:</i> Remove the 21-day minimum notice period for suspensions if a service has not returned its full licence when invalid.	+	0	0	0	+	+	+	+4		
<i>Option three:</i> Remove the ability of the Secretary to suspend a service’s licence if the service provider has not returned an invalid licence.	+	0	0	+	+	+	+	+5		

Information used to assess an application for a probationary licence											
Policy intent: Have adequate information to be able to assess if a service is likely to comply with the curriculum standard, the health and safety practices standard, and the governance, management, and administration standard (set out in Regulation 44, 45, and 47, respectively) before granting a probationary licence.											
<p><i>Status quo:</i> The information considered when assessing an application for a probationary licence is limited to what the applicant provides. An applicant can decide not to include any undesirable history in their application that relates to their likelihood of compliance with the regulated standards.</p>	0	0	0	0	0	0	0	0	0	<p><i>Preferred option - Option one:</i> This ensures that the Ministry is able to fulfil its role as a capable regulator and supports the efficient and effective management of the probationary licence process. For example, the Secretary would be able to consider the full set of information without having to seek clarification from the applicant, thereby saving time and resources.</p>	<p>82% agreed with how the proposed regulations have been drafted, while 6% disagreed.</p> <p>Some respondents felt that the draft regulations were not clear about the types of information that would be considered. Any information that is considered will need to meet evidentiary standards, therefore information sourced from social media or gossip will not be used. Applicants will be provided with the opportunity to respond.</p>
<p><i>Option one:</i> Clarify that the Secretary is able to consider any relevant information when assessing the applicant's likelihood of compliance with the Regulations outlined in Regulation 11(1)(b).</p>	+	0	+	+	0	+	+	+5	<p>Operational policy will be developed to provide clarity on how to assess whether information meets evidentiary standards.</p> <p>The status quo risks limiting the Secretary's authority to use relevant information in their final assessment which could put children at risk.</p>		
Application for a new licence											
Policy intent: Fee to help offset the costs to the Ministry associated with the processing and assessment of the licence application											
<p><i>Status quo:</i> Fee for a new licence is due before a licence can be issued (rather than at the time of application) and there is no clear authority in the regulations that the licence application fee is to be retained by the Ministry.</p>	0	0	0	0	0	0	0	0	0	<p><i>Preferred option - Option one:</i> This primarily supports the efficiency of the system and the Ministry's role as regulator. It would achieve the policy intent of the fee, which is to help offset the costs of processing and assessment, and help discourage poorly completed and/or repeated applications. It also improves fairness and accountability by codifying the current practice of seeking the fee on application and making it clear that it is non-refundable.</p>	<p>79% agreed that having the fee payable upon application better meets the purpose of the application fee, while 2% disagreed.</p>
<p><i>Option one:</i> Fee for the new licence is payable upon application and non-refundable. Also update fee from \$2,756.25 to \$2,817.50 reflect the increase of GST.</p> <p>We propose that this is done by merging Regulation 25 (licensing fee) into Regulation 5 (applications for licences).</p>	0	0	0	+	0	+	+	+3	<p>The status quo runs the risk of the Ministry being challenged for requesting the fee upon application and/or stating that the fee is non-refundable. It also risks prospective service providers applying for a licence, then pulling out of the process before the licence is issued, and not paying the fee.</p>	<p>64% agreed that having the fee non-refundable better meets the purpose of the application fee, while 10% disagreed.</p> <p>We heard in the written submissions that this may impact small, community-based applicants. The Ministry will continue to support those services where possible.</p>	

Section 4: Impact Analysis (Proposed approach)

4.1 Summary table of costs and benefits

Provisional licences

Additional costs of proposed approach, compared to taking no action		Impact
Regulated parties	<p>Services that have had their licence reclassified as provisional a number of times will be at risk of having their licence cancelled if further regulatory breaches are found.</p> <p>Some services may face a provisional licence following an incident where they may have had no licensing sanction imposed in the past.</p>	Low
Regulators	<p>An additional cost to the Ministry as there may be an increase in services that are placed on provisional licences for incidents.</p> <p>The Secretary and the Ministry may face legal challenges from service providers with a history of provisional licences that have had their licence cancelled due being found in breach of the Regulations.</p>	Low
Wider government	Some costs to ERO perhaps as it may increase checks for services on provisional licences.	Low
Other parties	<p>There may be some costs to parents of finding alternative early learning services if services' licences are cancelled due to repeated provisional licences and poor performance.</p> <p>This may have a short-term impact on labour market participation while alternative arrangements are made.</p>	Low
Total Monetised Cost		N/A
Non-monetised costs		Low

Expected benefits of proposed approach, compared to taking no action		Impact
Regulated parties	<p>Poor quality service providers may be more likely to improve, meet, and maintain compliance with the regulatory standards if it is clear that there is a cancellation pathway for repeated provisional licences.</p> <p>There may be some services that would have faced a licence suspension following an incident in the past that will now have their licence reclassified as provisional, instead.</p>	Low
Regulators	<p>Having more options to deal with services where an incident has occurred, including requiring a service provider to undertake an investigation.</p> <p>Potential improved compliance with the Regulations for those services cycling on and off a provisional licence.</p> <p>Having the ability to cancel a licence for a poor-quality service where the licence has repeatedly been reclassified as provisional.</p>	Low-medium
Wider government		N/A
Other parties	Increased confidence that poor quality providers will not be allowed to continue and that incidents are managed proportionately.	Low-medium
Total Monetised Benefit		N/A
Non-monetised benefits		Low-medium

Clarifying the use of written directions for health and safety matters

Additional costs of proposed approach, compared to taking no action		Impact
Regulated parties	If a service provider is issued a written direction for a matter that requires immediate attention, the cost of dealing with the issue will be brought forward, compared to the current approach of having at least 3 months if they have been placed on a provisional licence.	Low
Regulators	Written directions may become more common because of the clarity on the criteria and usage.	Low
Wider government	No impact	N/A
Other parties	No impact	N/A
Total Monetised Cost		N/A
Non-monetised costs		Low

Expected benefits of proposed approach, compared to taking no action		Impact
Regulated parties	There may be cases where a service provider would have been placed on a provisional licence or had their licence suspended as a result of a health and safety issue that required immediate attention, and will instead be issued with a written direction which has a lower level of compliance compared with a licensing sanction. Health and safety matters are dealt with in a proportionate and timely way.	Low
Regulators	More options when dealing with health and safety matters that come to the Ministry's attention. Reduced risk of challenge for those regional offices that have been issuing written directions. Health and safety matters are dealt with in a proportionate and timely way.	Low
Wider government	No impact	N/A
Other parties	Health and safety matters are dealt with in a proportionate and timely way which improves the health and safety of children.	Low
Total Monetised Benefit		N/A
Non-monetised benefits		Low

Clarifying the provisions for licence amendments when the service provider changes

Additional costs of proposed approach, compared to taking no action		Impact
Regulated parties	Some impact as a service will now have to apply for an amendment of their licence prior to the change of control. Services will also be potentially subject to a more rigorous review of their licence than is currently the case.	Low
Regulators	There will be an impact on the Ministry's regional staff as they will undertake a more comprehensive assessment of licence amendment applications in some cases.	Low
Wider government	No impact	N/A
Other parties	No impact	N/A
Total Monetised Cost		N/A
Non-monetised costs		Low

Expected benefits of proposed approach, compared to taking no action		Impact
Regulated parties	Greater clarity as to what to expect from the process of a licence amendment, especially for providers that have services in more than one region.	Low
Regulators	Greater consistency and clarity of how licence amendments are dealt with across regions. Decreased risks associated with service providers having to go through the process prior to taking over control of the service.	Low – medium
Wider government	No impact	N/A
Other parties	Increased confidence that the new service provider has met the same standards as the previous provider. Decreased risks associated with service providers having to go through the process prior to taking over control of the service.	Low
Total Monetised Benefit		N/A
Non-monetised benefits		Low

Removing the 21-day minimum notice period for suspensions for change of control before a licence suspension takes effect in certain circumstances

Additional costs of proposed approach, compared to taking no action		Impact
Regulated parties	The services that would have their licences suspended will now be suspended sooner meaning they have to close earlier with a subsequent loss of income. However, due to the small number of suspensions, the impact is likely to be low.	Low
Regulators	Minimal impact on the Ministry as this would only change the timing of when the suspension would take effect and there is no change to the process overall.	Low
Wider government	No impact	N/A
Other parties	Parents of children attending the services that have had their licence suspended will need to find alternative arrangements sooner than they would under the status quo. This may be disruptive for children. It may also have a short-term impact on labour market participation while alternative arrangements are made.	Low
Total Monetised Cost		N/A
Non-monetised costs		Low

Expected benefits of proposed approach, compared to taking no action		Impact
Regulated parties		N/A
Regulators	Services that meet the requirements to have their licence suspended are closed quicker meaning reduced risks to the health, safety, and wellbeing of children.	Medium
Wider government	No impact	N/A
Other parties	Services that meet the requirements to have their licence suspended are closed quicker meaning reduced risks to the health, safety, and wellbeing of children.	Medium
Total Monetised Benefit		N/A
Non-monetised benefits		Medium

Removing the 21-day minimum notice period for suspensions for not returning a full licence when invalid

Additional costs of proposed approach, compared to taking no action		Impact
Regulated parties	No impact	N/A
Regulators	No impact	N/A
Wider government	No impact	N/A
Other parties	No impact	N/A
Total Monetised Cost		N/A
Non-monetised costs		N/A

Expected benefits of proposed approach, compared to taking no action		Impact
Regulated parties	The services that have been put on a provisional licence no longer have to return their full physical licence.	Low
Regulators	Minimal impact on the Ministry as suspensions under these grounds are uncommon. Anecdotally, the Ministry does not have any examples of a suspension for not returning a full licence in the last few years.	Low
Wider government	No impact	N/A
Other parties	No impact	N/A
Total Monetised Benefit		N/A
Non-monetised benefits		Low

Information used to assess an application for a probationary licence

Additional costs of proposed approach, compared to taking no action		Impact
Regulated parties	Will impact a small number of providers with a history of poor-quality provision that may now have their application for a new licence declined.	Low
Regulators	Some resource impact on the staff assessing applications for new licences as they will be able to take into consideration a wider range of information rather than just what has been provided by the applicant.	Low
Wider government	No impact	N/A
Other parties	There is a small chance that a service may not be available in the areas needed due to an applicant having their licence application declined, therefore impacting children's access to early learning, and parent and whānau labour market participation.	Low
Total Monetised Cost		N/A
Non-monetised costs		Low

Expected benefits of proposed approach, compared to taking no action		Impact
Regulated parties	No impact	N/A
Regulators	Being able to consider a broader range of information on the likely compliance of the applicant to the regulated standards relating to curriculum delivery, health and safety practices, or governance, management, and administration.	Low – medium
Wider government	No impact	N/A
Other parties	Increased confidence that new service providers are likely to comply with the regulated standards in relation to curriculum delivery, health and safety practices, or governance, management, and administration.	Low
Total Monetised Benefit		N/A
Non-monetised benefits		Low

Application fee for a new licence

Additional costs of proposed approach, compared to taking no action		Impact
Regulated parties	No impact as the preferred option is in line with the current practice.	N/A
Regulators	No impact as the preferred option is in line with the current practice.	N/A
Wider government	No impact	N/A
Other parties	No impact	N/A
Total Monetised Cost		N/A
Non-monetised costs		N/A

Expected benefits of proposed approach, compared to taking no action		Impact
Regulated parties	No impact as the preferred option is in line with the current practice.	N/A
Regulators	Small impact as there is a reduced risk that service providers will challenge the current practice of seeking the fee on application and stating it is non-refundable. Preferred option also discourages poorly completed and/or repeated applications.	Low
Wider government	No impact	N/A
Other parties	No Impact	N/A
Total Monetised Benefit		N/A
Non-monetised benefits		Low

4.2 What other impacts is this approach likely to have?

For all children to benefit, the early learning system must consistently provide high quality experiences across the range of provision types valued by parents and whānau. The regulatory proposals outlined contribute to the overall goal of raising the quality of provision across the system, particularly the proposals that are aimed at services not complying with the regulated standards.

Section 5: Implementation and operation

5.1 How will the new arrangements be given effect?

These proposals all require amendments to the Education (Early Childhood Services) Regulations 2008. These changes will be implemented by the Ministry of Education and become part of its ongoing operational and enforcement activity. The changes relating only to clarification of requirements will need minimal support for implementation. The remaining regulatory changes will be supported by updates to forms, guidance, and communications. There will be training for relevant Ministry of Education staff on how to apply the updated regulations in various scenarios. The Ministry will communicate proactively with the sector to ensure they are aware of the changes through its normal communication channels and peak bodies. Note that all regulatory decisions discussed in this impact analysis are currently delegated down from the Secretary to regional Education Managers.

The timing of the implementation of these proposals will be split into two phases.

Phase 1

The following proposals will come into force following notification in the Gazette in accordance with the 28-day rule. Assuming Cabinet approval is obtained on 8 June, the Amendment Regulations can go to the Executive Council on the same day, with a view to come into force on 9 July 2021.

- Application fee for a new licence
- Clarifying the use of written directions for health and safety matters
- Reclassifying a licence as provisional to carry out an investigation in the event of an incident involving a child
- Removing the 21-day minimum notice period before a licence suspension takes effect in certain circumstances

It is intended that the ability to issue a written direction for health and safety matters will be delegated to Senior Education Advisors based in our regional offices. However, this will be the first time that regulatory powers have been delegated to this level. To ensure smooth implementation, initially we will only delegate to this level in a prescribed region. This will enable National Office staff to monitor the impact on the sector and provide an opportunity to amend operational policy before implementing the policy nationwide.

Phase 2

We recommend delaying implementation by six months for the following three proposals:

- Creating a cancellation pathway based on a service's provisional licence history.
- Clarifying the provisions for licence amendments when the service provider changes.
- Clarifying the information used to assess an application for a probationary licence.

The Ministry is not currently well placed to respond to increased challenges to decision making. These delays are recommended because we expect some service providers will test the Secretary's discretion for these proposals. The establishment of an Education Service Agency within a redesigned Ministry may also impact on resourcing to support effective implementation for these proposals as the Ministry will be in transition from July 2021.

For licence amendments, where there is a substantial change or a sale, service providers will need to allow at least 30 working days for an assessment to take place. This will give the Ministry time to assess whether all persons involved in the management of the proposed service are fit and proper persons, and to enable an onsite assessment before a licence amendment is granted. The Ministry will work with the sector on the nature and timing of assessments for other circumstances.

Delaying implementation for these three proposals until 1 February 2022 will:

- enable the development of robust internal practice tools to support consistent decision-making, and direct Ministry resource towards higher-risk scenarios;
- ensure that we can work with and give clear guidance to the sector on what the changes will mean in practice;
- provide the Ministry with the time to re-allocate limited resources to undertake additional work; and
- provide service providers with sufficient time to account for the changes.

Section 6: Monitoring, evaluation, and review

6.1 How will the impact of the new arrangements be monitored?

As part of the Ministry's work on its first regulatory stewardship strategy, it will be completing an assessment of the early learning regulatory system which will look at the overall performance of the system.

These new regulations will be monitored through the Ministry's normal regulatory processes which include licensing activity, responding to complaints and incidents, and applying sanctions.

6.2 When and how will the new arrangements be reviewed?

As mentioned above, the Ministry has begun work on its first regulatory stewardship strategy which will include how to build effective monitoring and evaluation into the regulatory system. The Ministry will also be looking at how improvement work across the systems can be prioritised, and resourcing implications for ongoing regulatory stewardship work.