



Getting Smarter on Early Childhood Education (ECE) in NZ's National Infrastructure Plan

Submission from the [Office of Early Childhood Education](#) (OECE)
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The draft National Infrastructure Plan notes that NZ has a formidable number of infrastructure needs:

Our cities need housing so that our children have a place to call home. Transport networks provide accessibility to jobs; and are essential to get goods to businesses and our doorsteps. Transmission and distribution lines carry the electrons that power our lights and heat our homes. A network of schools keeps our children learning, while hospitals take care of our sick. (Executive Summary, [Draft National Infrastructure Plan](#), p.4.)

The draft plan talks about Education in Chapter 7, Section 6, which is titled “challenges and opportunities at the sector level” (pp. 148-151). However, it includes very little mention of ECE and the sector has been left out of the analysis of investment demands.

The Office of Early Childhood Education (OECE) sees an opportunity for the NZ Infrastructure Plan to explore more reflectively the unique needs and contributions of the early childhood education (ECE) sector.

We recommend conducting some deeper analysis of ECE in relation to NZ's infrastructure for a strong economy.

We also suggest several sentences in Chapter 7 of the draft Plan be edited to ensure accuracy in respect to ECE.

Deeper analysis

Most physical buildings in the ECE sector are privately owned. But this does not mean that ECE is any less relevant than public primary and secondary schools, and tertiary education. With regard to the ECE segment of the education sector, the key issue is its crucial role in boosting the productive outcomes of the country's infrastructure.

In today's economy, the provision of ECE is vital to support the participation of parents in paid employment. In the [March 2025 quarter](#) there were 2,914,000 people employed. Of this number, 79.5 percent worked full-time and 20.5 percent worked part-time. This number would be a lot lower if it weren't for ECE facilities caring for children during the day.

The Government invests in ECE because it yields significant returns, by enabling parents to engage in paid employment, thereby boosting family incomes, and benefiting society through increased productivity and reduced social welfare costs important for economic growth. It can also significantly benefit individuals, by improving cognitive and language outcomes, enhancing school

readiness, raising academic achievement, raising earnings, and reducing crime rates. All of this means individuals can contribute more to the economy through their skills and knowledge and taxes. Globally, investment in high-quality ECE is recognised as producing huge economic dividends ([OECD, 2025: "Why G20 countries should prioritise quality early childhood education"](https://oecddedutoday.com/why-g20-countries-should-prioritise-quality-early-childhood-education/))

The ECE sector is significantly publicly funded. There is probably no other sector in NZ where privately owned businesses are so heavily subsidised by the State.

Many ECE services have been established through public funding, although most have not been publicly owned entities. [The Kindergarten Regulations 1959](https://www.nzlii.org/nz/legis/num_reg/kr1959244.pdf) set out the conditions for publicly funded, fee-free kindergarten.

"Under these regulations the Government may make grants to free kindergarten associations for the payment of salaries and allowances of kindergarten teachers and students undertaking training in kindergarten training centres. Provision is made for the payment by the Government of subsidies not exceeding £2 for every £1 of voluntary contributions raised by an association 'and expended on sites, buildings, furniture, or equipment for kindergartens, and on furniture or equipment for kindergarten training centres. Provision is also made for payment by the Government of the whole cost of sites and buildings for kindergarten training centres."

Kindergartens were seen as operating within the public education system:

"The Government owns the majority of kindergartens and there is certainly a public perception that we are a major partner in the kindergarten sector and therefore have a greater responsibility for encouraging quality." ([Hon Trevor Mallard, Minister for Education 2000](https://www.nzlii.org/nz/legis/num_reg/kr1959244.pdf))

However, since the Education (ECE Services) Regulations 2008 replaced the Kindergarten Regulations 1959, the government lost sight of its ownership stake in kindergartens and the Ministry of Education began treating Kindergarten Associations as private entities.

From 2007, the construction of many new ECE centres was paid for through [establishment grants](https://www.nzlii.org/nz/legis/num_reg/kr1959244.pdf). For many years these were available to community organisations (incorporated societies). After lobbying from for-profit ECE operators', eligibility for grants was opened to the private sector. To increase the availability of child ECE spaces, the Ministry of Education also invited ECE services to apply for a Targeted Assistance for Participation grant. Providers could use this funding to set up new services, or increase the size of existing service buildings and facilities to hold more children [in target areas](https://www.nzlii.org/nz/legis/num_reg/kr1959244.pdf) across NZ. The Ministry of Education even [appointed Signature Homes Ltd as its preferred contractor for designing and building early childhood centres nationwide](https://www.nzlii.org/nz/legis/num_reg/kr1959244.pdf).

The Government has also invested in ECE buildings and property more recently – allocating [\\$3.7 million to Playcentre Aotearoa](https://www.nzlii.org/nz/legis/num_reg/kr1959244.pdf) in 2020 to help it keep its centres operating and address urgent property issues, and \$500,000 to assess the condition of playcentre facilities throughout the country. [Budget 2024](https://www.nzlii.org/nz/legis/num_reg/kr1959244.pdf) provided Playcentre Aotearoa with \$1.5 million in funding per year for its property costs and \$12 million over four years for Kōhanga Reo property maintenance (the latter was part of a [broader \\$1.5 billion investment in Kōhanga Reo property maintenance](https://www.nzlii.org/nz/legis/num_reg/kr1959244.pdf)).

<https://oecddeputoday.com/why-g20-countries-should-prioritise-quality-early-childhood-education/>
https://www.nzlii.org/nz/legis/num_reg/kr1959244.pdf

<https://www.beehive.govt.nz/release/kindergarten-teachers-return-state-sector>

<https://www.nzherald.co.nz/nz/government-announced-early-childhood-10m-distribution/4ALWRTVDHGEM2EW2JEFK7XXGUE/>

<https://www.beehive.govt.nz/release/early-childhood-design-and-build-project—appointment-contractor>

<https://www.beehive.govt.nz/release/urgent-funding-help-keep-playcentres-open>

<https://www.education.govt.nz/our-work/publications/corporate-documents/budget-2024>

<https://www.education.govt.nz/our-work/publications/corporate-documents/budget-2024/education-property>

Getting Smarter

The goal of the draft National Infrastructure Plan is “getting smarter about how we do infrastructure,” to get more “bang for buck” from spending. Public spending on ECE is higher [than most other nations in the OECD](#), but that doesn’t mean that the quality of ECE available here is better. What’s also not clear is whether it measures up to what we spend, and how to mitigate against harm and unintended negative consequences. Take for example the statistic that [10,000 injuries to children and adults in ECE cost ACC \\$8 million to \\$9 million annually](#).

It is the Office of ECE’s view that deeper analysis of the ECE sector would help the Government to contribute to getting smarter on infrastructure and improving the value we receive from it.

Review of what is written about ECE in the Plan

Some of the statements on early childhood education in the draft National Infrastructure Plan should be edited for clarity and checked to ensure accuracy.

We have pasted in the copy below and made some suggestions.

7.6.1. Institutional structure

Service delivery responsibilities

- *Early childhood education services are mainly provided by community-based or commercial entities, with the exception of kindergartens which are run by central government.*

Kindergartens today are not run by central government. While kindergartens are publicly funded (like all other licensed ECE services, kindergarten associations run kindergartens and are viewed as private entities. We therefore suggest the description of service delivery responsibilities be reviewed.

The description could say something like: Early childhood education services are mainly provided by community-based or commercial entities, with the exception of early childhood services operated by Councils and other publicly-owned entities such as hospitals.

Governance and oversight

- *Early learning services must be licensed or certified by MoE under the Education (Early Childhood Services) Regulations 2008.*

The correct name is early childhood education services – not early learning services. The word certified is redundant. As it does with schools, the MoE also oversees policy and legislation for ECE and this information could be added into the governance and oversight statement.

We therefore suggest the following wording: Early Childhood Education services are licensed by MoE under the Education (Early Childhood Services) Regulations 2008. MoE also oversees policy and legislation for ECE.

7.6.2. Paying for investment

- *A large share of the cost of early childhood education and care (ECE) is passed through to customers. MoE offers subsidies for ECE which are issued directly to providers, the proceeds of which may be used for infrastructure by the provider.*

A large share of the cost may be passed through to customers (i.e. families with children enrolled in ECE) in the case of some individual services, but this is a difficult claim to make if referring to the sector in general. Our discussions with service operators suggest that the contribution of government funding to service budgets is generally around 60% to 70% and can be as high as 90%. Some services provide free hours of ECE to families, and the fee charges of most services are lower than the subsidy amount per hour per child that the government contributes toward their operational costs. Some providers use the proceeds to fund and build more services – this is especially the case in the education and care part of the ECE sector, as we have seen a rise in the size of private entities.

We therefore suggest the following amendment: A large share of the cost of early childhood education and care (ECE) is met by the government through subsidies and payments made directly to ECE service operators. The proceeds of these subsidies and payments may be used by service providers for physical infrastructure and to fund and build more services to add to their portfolio.

Also, we suggest adding the following information:

- Various benefits available to eligible families (e.g. Work and Income childcare subsidy) and the FamilyBoost tax rebates lessen the costs to parents.
- The Education and Training Act 2020 ss 548 and 549 allow the paying of grants or the advancing of loans, which may be used for capital infrastructure purposes, to ECE services. s560 allows the Secretary for Education to direct the building of capital works on Crown Land for use by early childhood education and care centres.

END.