

[In Confidence]

Office of the Minister of Education

Chair, Cabinet Business Committee

Consultation on options for cohort entry for children aged five and over

Proposal

- 1 I seek Cabinet approval to consult with the public on options for cohort entry for children aged five and over.

Executive Summary

- 2 In late November I proposed to pass legislation in 2018 to limit cohort entry to children over five years old.
- 3 Concerns have been raised about allowing children under age five to start school, including that New Zealand already allows children to start school earlier than many other countries, and there is a lack of evidence in support of an earlier school start.
- 4 Subject to Cabinet agreement, I would like to consult on two options for amending the current policy, so that I can make sure the policy for children over age five works well for the greatest number of people. The options are:
 - 4.1 Cohort entry once per term, at the start of the term;
 - 4.2 Cohort entry twice per term, at the start of the term, and at the term mid-point.
- 5 As part of consultation, I would like to test whether legislation should enable schools to choose either of these options, following consultation with their communities.
- 6 I propose to consult during Term 1 2018. This will mean that changes to legislation can be included in an Education Amendment Bill planned for later this year.
- 7 I propose that the draft discussion document attached as Appendix A be used for public consultation.

Background

- 8 In New Zealand, children are not required to start school until they are six years old. In practice, most parents exercise the option for their children to start at a school or kura on or soon after their fifth birthday (continuous entry).
- 9 The Education (Update) Amendment Act 2017 (the Update Act) made changes which mean schools can adopt and enforce a cohort entry policy, enabling new entrants to start school as part of a group at the beginning of the term closest to their fifth birthday.
- 10 Prior to this change, some schools offered cohort entry in order to help children get used to school, to help schools with their planning, and to minimise disruption for existing new entrants. However, schools could not enforce these arrangements. They

had to accept the enrolment of a child who had turned five when requested by their parents.

- 11 Under the current model of cohort entry, some children can start school with a cohort up to two months before their fifth birthday if their parents think they are ready.
- 12 In Term 1 2018, 51 schools will be implementing a cohort entry policy following consultation and notifying the Ministry of Education, and will be starting their first cohorts.

Rationale for changes to cohort entry

- 13 During the select committee process, feedback was received from a number of submitters that children should not be starting school before age five. Concerns raised about allowing children under age five to start school include:
 - 13.1 New Zealand already allows children to start school earlier than many other countries, with most children starting at five years of age (compared to age six or seven), and there is a lack of evidence in support of an earlier school start;
 - 13.2 the benefits of play for younger children;
 - 13.3 children's readiness for the school environment; and
 - 13.4 new entrant testing might disadvantage younger children.
- 14 In response to these concerns, it is my intention to pass legislation in 2018 so that children can still start with a cohort if their school adopts a cohort entry policy, but only after they have turned five.
- 15 I am proposing to consult on two options for amending the current policy. This will make sure that the cohort entry policy for children over age five works well for the greatest number of people.

Options for cohort entry for children aged five and over

- 16 Options for cohort entry for children aged five and over are:
 - 16.1 Cohort entry once per term, at the start of the term;
 - 16.2 Cohort entry twice per term, at the start of the term, and at the term mid-point.
- 17 Any more cohort entry points than two per term would be likely to undermine the benefits of enabling children to start school in groups.
- 18 As part of consultation, I would like to test whether one of the two options is preferred, or if legislation should enable schools to choose either of these two options, provided they follow the consultation requirements and the requirement to give at least one term's notice of the change.
- 19 Regardless of the model of cohort entry chosen, it will be optional for schools (they will be able to retain continuous entry for students turning five if they wish). In addition, if parents do not wish to start their child at school at the first possible cohort entry point they will still have the option to start their child with any later cohort up until their sixth birthday. At age six, enrolment in school is mandatory.

Impacts of the change

Impacts on children and families

- 20 Whichever option is chosen, this change will result in some children having to wait longer to start school than they would under continuous entry and the current model of cohort entry.
- 21 This will result in increased ECE costs for some parents, because children will be leaving ECE services and starting at a school or kura later. Under Option 1, some families would need to pay for an additional school term (10 weeks) of ECE. Under Option 2, some families would need to pay for an additional 5 weeks of ECE.¹
- 22 Families will still be eligible for Ministry of Education ECE subsidies, including 20 Hours ECE, until their child turns six or is enrolled in school. As a consequence of cohort entry, the Ministry of Social Development will need to make changes to Childcare Assistance² to ensure that parents of children who are waiting to attend a cohort entry school will still be able to receive financial assistance for ECE. This will result in increases in expenditure.

Impacts on ECE providers and schools choosing to adopt cohort entry

- 23 Because children would be staying in ECE for longer, both options could put some additional pressure on the capacity of the ECE sector. This could lead to longer waiting times where providers are already operating at capacity. The ECE sector is generally very responsive to changes in demand. Where demand for ECE increases as a result of this policy change, I expect the ECE sector to grow to respond to this demand.
- 24 More detailed analysis is required to understand how these arrangements would affect the staffing and operational funding of individual schools in the first year and on an ongoing basis.
- 25 I will ensure any risks are managed by clearly communicating the impacts of choosing to adopt cohort entry to the schooling and early childhood education sectors through the consultation process, and through the school and early learning Bulletins prior to implementation.
- 26 Schools offering the current model of cohort entry in 2018 will still be able to start new entrants before their fifth birthday until the legislation is changed. These schools will then be able to consult with their communities to decide whether to adopt the new model of cohort entry, or return to continuous entry.

Consultation on the options

- 27 I propose that the attached draft discussion document be used for public consultation. This document sets out:
 - 27.1 the background to the current cohort entry policy;
 - 27.2 an analysis of the options for change, including their impacts on children, families, ECE providers and schools;

¹ Only the hours that children would otherwise be in school have been taken into account, as parents would need to meet childcare costs or provide childcare at other times, including during school holidays.

² All references to Childcare Assistance in this paper refer collectively to Childcare Subsidy, Out of School Care and Recreation Subsidy, and Guaranteed Childcare Assistance Payment.

27.3 a number of questions to guide submissions, and guidance on how and when to make a submission.

28 If Cabinet approves public consultation, I propose the following consultation process:

Mon 5 Feb	Consultation document promoted via media release, notices in the school and early learning Bulletins, news items on the Ministry of Education and Parents websites, and posts on Facebook and Twitter
Mon 5 Feb – Mon 19 March	Six-week consultation on options for change, with submissions sent via email or post
Week of 2 April	Return to Cabinet committee with results of consultation

Next steps

29 Subject to Cabinet agreement, I propose to consult during Term 1 2018. This will mean that the preferred option can be included in an Education Amendment Bill planned for later this year.

Consultation

30 The Ministry of Education has developed the options for consultation in this paper, and the consultation document attached.

31 The State Services Commission and the Department of the Prime Minister and Cabinet have been consulted on this paper and have raised no issues. The Treasury has also been consulted.

32 The Ministry of Social Development (MSD) has been consulted on this paper. MSD is comfortable with the options proposed and has provided cost estimates.

Financial implications

33 These options for changing cohort entry are likely to carry higher fiscal costs than the current model of cohort entry,³ largely in costs to ECE and Childcare Assistance administered by MSD. This is because some children would spend longer in ECE under both options, and some families would receive Childcare Assistance for longer.

34 If 10% of schools take up cohort entry, initial estimates suggest that, compared to the current model of cohort entry, Option 1 could cost in the region of \$4.4 million more per year to ECE and \$0.2 million more per year to MSD. Option 2 could cost in the region of \$1.8 million more per year to ECE and \$0.1 million more per year to MSD.⁴ Both options have a one-off system change cost to MSD of approximately \$210,000.

35 Estimates are underpinned by an assumption of 10% of schools taking up cohort entry. This is to provide an early indication of what the policy change could potentially cost in the short term. Estimates are also underpinned by the assumption that children will start at a school with cohort entry at the earliest opportunity, which may not always be the case.

³ If 10% of schools took up the current model of cohort entry, this was estimated to cost in the region of \$0.34 million per year to ECE and \$0.04 million per year to MSD.

⁴ Both options would also carry a greater cost than continuous entry, assuming that under continuous entry all children start school on their fifth birthday.

- 36 Estimated costs to schooling have not been calculated at this stage. The policy change will have differential impacts over time for schooling as the cohort of students when the change is made works through the system, which require complex modelling.
- 37 Due to the complexity of the modelling required for costs to schooling, the uncertainty of uptake rates, and the uncertainty around whether children would start school with the earliest possible cohort (as children can start school at any time up until age six, when schooling becomes compulsory), robust forecasts are difficult to create. We will continue to work on a modelling approach for when policy decisions are made by Cabinet.
- 38 When final policy decisions are made by Cabinet, arrangements to cover the fiscal impact of the current cohort entry policy and any new cohort entry policy will be needed.

Human rights, gender and disability issues

- 39 There are no human rights, gender or disability issues in this paper.

Legislative implications

- 40 Following consultation, I will be seeking to include legislative amendments to support a recommended option of cohort entry for children aged five and over through a Bill.
- 41 Changes to Childcare Assistance will require amendments to MSD's Social Security (Childcare Assistance) Regulations 2004 and the Guaranteed Childcare Assistance Payment Welfare Programme.

Regulatory Impact Analysis

- 42 Regulatory Impact Analysis for cohort entry was completed for the Update Act. Further regulatory impact analysis will be undertaken following consultation, to inform final Cabinet policy decisions.

Publicity

- 43 I propose to proactively release this paper at an appropriate time.

Recommendations

- 43 The Minister of Education recommends that the Committee:

Background

- 1 **note** that, under the current model of cohort entry, new entrants can start school as part of a group at the beginning of the term closest to their fifth birthday, meaning some new entrants can start school up to two months before they turn five
- 2 **note** my intention to pass legislation in 2018 to limit cohort entry to children over five years old
- 3 **note** that I propose to consult on options for amending the current policy, to make sure the policy for children over age five works well for the greatest number of people

Options for cohort entry for children aged five and over

- 4 **note** that the options I plan to consult on are cohort entry once per term, at the start of the term, and cohort entry twice per term, at the start of the term and at the term mid-point
- 5 **note** that, as part of consultation, I plan to test whether legislation should enable schools to choose either of these options, following consultation with their communities

Impacts of the change

- 6 **note** that both options would have impacts on children and families, early childhood education providers and schools choosing to adopt cohort entry

Consultation on the options

- 7 **approve** public consultation on the options for cohort entry for children aged five and over using the attached consultation document
- 8 **note** that public consultation will follow the process outlined in paragraph 28

Financial implications

- 9 **note** that these options would cost more in Vote Education and Vote Social Development due largely to the increased length of time children would spend in early childhood education
- 10 **note** that, when final policy decisions are made by Cabinet, arrangements to cover the fiscal impact will be needed

Approved for lodgement

Hon Chris Hipkins

Minister of Education