

Cabinet Paper material Proactive release

Minister & portfolio Hon David Seymour Associate Minister of Education
Name of package Next Stage of the Charter School | Kura Hourua Model
Date considered 30 June 2025
Date of release 22 December 2025

These documents have been proactively released:

Next Stage of the Charter School | Kura Hourua Model

Date considered: 30 June 20205

Author: Office of the Associate Minister of Education

Cabinet Minute CAB-25-MIN-0223

Date considered: 30 June 2025

Author: Secretary for the Cabinet

Material redacted

Some deletions have been made from the documents in line with withholding grounds under the Official Information Act 1982. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

The applicable withholding grounds under the Act are as follows:

Section 9(2)(f)(iv) to protect the confidentiality of advice tendered by Ministers of the Crown and officials

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In Confidence

Office of the Associate Minister of Education

Cabinet Business Committee

Next stage of the Charter School | Kura Hourua model

Proposal

- 1 This paper seeks agreement for policy decisions needed for the next stage of developing the policy for charter schools | kura hourua (charter schools) and seeks approval to issue drafting instructions for this proposal. The proposed changes are to:
 - 1.1 enable a sponsor to hold a single contract for multiple charter schools, and
 - 1.2 provide more certainty for converted charter schools that a similar type of State school may be established if the sponsor terminates their contract by mutual agreement or opts not to renew.
- 2 This proposal will be progressed in the Education and Training (System Reform 9(2)(f) Amendment Bill (the Bill) 9(2)(f)(iv)
- 3 This paper also seeks your approval to extend the fixed-term contract period from 10 to 20 years with a possibility to renew two further times for 10 years. This would apply to sponsors of converted charter schools only. This is not a legislation change but requires Cabinet's agreement as this has been previously agreed by Cabinet [SOU-24-MIN-0015].

Relation to government priorities

- 4 The proposal aims to further strengthen the charter school model which was introduced through legislative amendments in 2024 with the first charter schools opening in February 2025.

Executive Summary

- 5 The charter school framework was introduced in legislation on 30 September 2024. The first seven schools opened in February 2025, and more schools are expected be approved this year and next. After a further review, this paper seeks Cabinet's agreement to make three policy changes which would:
 - 5.1 enable a sponsor to hold a single contract for multiple charter schools,
 - 5.2 provide more certainty for converted charter schools that a similar type of State school may be established if the sponsor terminates their contract by mutual agreement or opts not to renew, and
 - 5.3 extend the initial fixed-term contract period from 10 to 20 years for sponsors of converted charter schools.

- 6 The first two policy changes will be progressed in the Education and Training (System Reform 9(2)(f) Amendment Bill (the Bill) 9(2)(f)(iv)

Background

- 7 The charter school model aims to lift educational achievement by increasing choice and supporting innovation in schooling. Charter schools are publicly funded but are operated by sponsors holding a contract with the Crown. Key features of the charter school model include providing schools with greater flexibility in teaching, governance, curriculum, funding, and employment conditions than in the State schooling system. This is balanced by a high level of accountability for outcomes, as specified in the contracts. Accountability for outcomes is enabled through a detailed performance management framework which includes performance targets and outcomes, reporting requirements, and interventions that can be applied when a sponsor is not meeting their legislative or contractual obligations.
- 8 A sponsor is the body approved by the Authorisation Board to operate a charter school. Potential sponsors can apply to open a new charter school, or an application can be made for a State school to convert and become a charter school. Once the Authorisation Board approves the sponsor, the Charter School Agency negotiates, signs and manages the contracts with the sponsors. Sponsors receive funding on a per-student basis, broadly equivalent to State school resourcing [CAB-24-MIN-0217].
- 9 The Education and Training Amendment Bill received Royal Assent on 30 September 2024 and established the charter school framework. The first seven schools opened in February 2025, and more schools are expected to be approved this year and next. Last year's Bill focussed on setting up the core elements of the model.
- 10 The proposals in this paper enhance the charter school model and further enable school choice and innovation in the education system. Firstly, enabling sponsors to operate multiple charter schools under one contract creates efficiencies, allows for best practice to be shared among a range of schools, and ultimately can lead to better improved performance across the system. Meanwhile, creating a pathway for converted charter schools to revert to the State system following terminating their contract by mutual agreement or opting not to renew provides greater certainty and removes barriers for schools to convert to the charter school model. The third change will provide further certainty for sponsors of converted charter schools by increasing the length of the first contract.

Enabling a sponsor to hold a single contract for multiple charter schools

- 11 The existing legislative framework was designed to enable a model where each sponsor must have a separate contract for each charter school it operates. While this does not prohibit a sponsor from operating multiple schools under different contracts, it does create complexities and inefficiencies. Therefore, I propose allowing sponsors to operate multiple charter schools under one contract (i.e. multi-school contract).
- 12 Examples of a multi-school contract could be:
- 12.1 a proprietor wanting to become a sponsor of multiple converting State-integrated schools,

- 12.2 a potential sponsor wanting to establish a network of schools across New Zealand with similar characteristics (e.g. a group of Māori medium kura, schools with similar religious provision, or a specific focus area),
- 12.3 a high performing sponsor already operating one or more charter school replacing the sponsor of an underperforming charter school.
- 13 Some of the benefits of this change include:
 - 13.1 **Lifting performance of the system:** Allowing one sponsor to operate multiple schools together could lift performance across the system, by encouraging collaboration and sharing of best practice. The multi-school contracting approach could also be used as a performance intervention where, for example, poorly performing individual schools are moved into a multi-school contract with a high performing sponsor. This would enable poorly performing schools to learn from high performing schools and be better governed.
 - 13.2 **Efficiency gains across networks through shared resource:** Sponsors could streamline processes and services across schools to reduce duplication and lead to better economies of scale, making the schools more financially viable. For example, sponsors could combine corporate functions such as IT, finance, property management, and administration to support multiple schools. Sharing teachers between schools could also enable efficiencies in the development of curriculum, assessments or learning materials.
 - 13.3 **Sharing of funding to respond to particular needs:** Sponsors could receive funding generated by individual schools as a bulk sum. This would allow sponsors to decide which funding is retained for streamlined services and which funding is distributed to schools, based on their individual needs.
 - 13.4 **Efficient application and contract management:** Multi-school contracts will allow for efficient application and contract management processes for sponsors with more than one charter school. Sponsors could apply to govern multiple charter schools under one contract and add additional schools to an existing multi-school contract. This could reduce the administrative burden on the Authorisation Board and CSA regarding the approval process, and contract development and management.
- 14 To enable sponsors to operate multiple schools within one contract, some legislative amendments are needed to help ensure the provision aligns with the policy intent of the charter school model. These are detailed below.

Approval process

- 15 Under Section 212I of the Education and Training Act 2020 (the Act), the Authorisation Board may approve a sponsor to operate a charter school if satisfied that the proposed sponsor and every governing member of the proposed sponsor are fit and proper persons. I propose that a potential sponsor that wishes to run multiple schools would be approved in a two-tier process, approval of the sponsor and then the approval of establishment of each school separately. If a sponsor wants to open another charter school at a later stage, the sponsor would be able to submit an additional shorter application. This gives the Authorisation Board more flexibility to decide to decline some of the schools within the proposal if it wishes.

- 16 When deciding whether to approve a proposed sponsor, the Authorisation Board must also take into account the various factors listed in section 212I(2) and seek the views of the Secretary for Education and the Chief Review Officer. To support the Secretary and the Chief Review of Officer to come to a view, I expect the Board to provide them with full copies of the application material prior to making a decision to approve a sponsor. I also propose two additional factors to be taken into account by the Authorisation Board when approving a sponsor to operate a multi-school contract:
- 16.1 The **overall operating model of the cluster of schools** including how the sponsor intends to share resources. Sharing of resources, such as funding, staffing, teaching material and property, is a key benefit of the multi-school contract model. Considering how the sponsor will operate and share resources as part of the application process will help determine the suitability of the sponsor to achieve benefits such as create efficiency gains, reduce duplication, and lead to better economies of scale within the schooling network.
- 16.2 If applicable, the **performance of the school that the sponsor** currently is contracted for. This factor will only apply to sponsors who are already operating a charter school that apply to establish another school, or where a school is added to their contract using the intervention framework. This will help reduce the chance of a sponsor being approved as a multi-school sponsor if its current charter school is not performing well. Sponsors with a well performing school becoming a multi-school sponsor can help further lift the performance of newly established schools by sharing learning and resources.
- 17 Section 212M of the Act provides that the Minister must, by notice in the Gazette, notify the establishment of a charter school as soon as practicable after the date on which the Agency and the sponsor enter into a charter school contract for the school. The legislation lists various matters the notice must specify. I propose amending this section to also specify whether the school is part of a multi-school contract. Legislation will include specific provisions that only apply to multi-school contracts so specifying which schools are within a multi-school contract will provide clarity and transparency on which sponsors these provisions apply to.

Flexibilities within the charter school model

- 18 To maintain flexibility at an individual school level, I propose that a sponsor of a multi-school contract can vary the curriculum, qualification, length of school days/terms and distinguishing characteristic by school as part of the contract negotiations. It gives autonomy to sponsors to decide if they wish to implement similar or different provision at each school.
- 19 As currently required in section 212O(d), one of the duties of a sponsor is to appoint a chief executive to be responsible for the day-to-day management of the school, and a person to be the person responsible overall for teaching and learning at the school (who could be the same person as the chief executive). In the case of a multi-school contract, I propose this duty is slightly amended to create more flexibility for the sponsor. This means that the sponsor of a multi-school contract must appoint:
- 19.1 only one chief executive to be responsible for the day-to-day management of all schools within the contract, and

- 19.2 for each school within the multi-school contract, a person to be responsible for overall teaching and learning at the school who is appropriately qualified and holds a current practising certificate.
- 20 I propose funding to continue to be calculated based on each school individually but to maximise flexibility for sponsors, it will be allocated to the sponsor to allocate between schools within the contract. Targeted funding, including learning support and capital funding for Ministry-owned property, will continue to be tagged to a specific student or school to ensure funding is used for the right purpose.

Performance management requirements

- 21 Section 212L of the Act lays out the matters a charter school contract must contain which includes performance reporting, targets and outcomes. For multi-school contracts, I propose that the annual self-audit report and annual financial statements would include overarching reporting that covers all schools within the contract, with additional reporting that differs for each individual school.
- 22 I also propose that financial performance targets as agreed by Cabinet [CAB-24-MIN-0217] will continue to be assessed at a sponsor level to understand the financial health of all schools within the multi-school contract. This will also be supplemented by additional financial reporting to understand how funding is being allocated by the sponsor across schools, and what funding is being allocated to support central services. Meanwhile, student outcomes measures including attendance and achievement will continue to be assessed at an individual school level.

Interventions

- 23 Section 212ZF of the Act specifies the interventions that the Authorisation Board can use when a sponsor is not meeting its legislative or contractual obligations, including:
- 23.1 require the Chief Review Officer to review the governance and management of the charter school by the sponsor,
 - 23.2 require a sponsor to provide the Authorisation Board with specified information and analysis of the specified information,
 - 23.3 require a sponsor to carry out a specified action and provide the chief executive of the Agency with a report on the action taken,
 - 23.4 terminate the charter school contract with a sponsor, or
 - 23.5 terminate the charter school contract with a sponsor and replace the sponsor with another sponsor.
- 24 I consider these interventions are still relevant for multi-school contracts. However, I propose to amend the list of interventions to include the additional following interventions specifically for multi-school contracts:
- 24.1 removal of a school from a multi-school contract and the closing of this school; and
 - 24.2 removal of a school from a multi-school contract and approving a new sponsor to contract the school.
- 25 This will give the Authorisation Board more flexibility in the way it can intervene at both a sponsor or school level in instances where individual schools within a multi-

school contract face significant performance issues in isolation, while other schools within the contract could remain operating as normal, or holding the sponsor accountable if all schools are systematically underperforming. If Cabinet agrees to these additional interventions for multi-school contracts, I propose the same triggers already in section 212ZF of the Act apply, which are that the Authorisation Board must have reasonable grounds to believe either that:

- 25.1 the sponsor has failed to comply with any of its contractual obligations or legislative obligations in respect of the charter school, and has not remedied the failure within a reasonable time or the failure cannot be remedied, or
- 25.2 a significant risk exists that the sponsor will fail to comply with any of its contractual or legislative obligations and the Sponsor is unlikely to mitigate that risk within a reasonable time.

- 26 I also propose that, if the Authorisation Board replaces the sponsor of one of the schools within a multi-school contract, the same consultation requirements as per section 212ZF(6) apply. This would mean the Authorisation Board must consult with the sponsor, school community, school staff, students, and any other person it thinks fit.

Creating a pathway for converted charter schools to revert and open as a new State school, if a sponsor terminates their contract by mutual agreement or opts to not renew

- 27 I have heard from schools interested in converting that they have concerns about future policy decisions that may affect the charter school model. As there is no clear pathway back to the State sector, this creates a barrier for conversion and creates uncertainty over the future of their school (and any integration agreement they may have).
- 28 Under section 190(2) of the Act, the Minister of Education has absolute discretion over establishing a new State school. As per clause 2 of Schedule 6 to the Act the Minister also has absolute discretion to accept applications to enter into negotiations for integration. This means the Minister may or may not decide to establish a new State or State-integrated school if the sponsor of a converted school voluntarily terminates its contract.
- 29 I believe the current arrangements may create significant disruption for students, parents and the community if no alternative school were to be set up when the sponsor of a converted charter school terminates their contract by mutual agreement or opts to not renew it. Students and their parents would need to find an alternative school, likely impacting their educational outcomes. In some circumstances removing this absolute discretion is necessary to lessen the disruption to students and others if a converted charter school closes without a new State school opening in its place.

Providing certainty for converted charter schools while balancing network considerations

- 30 I propose including in legislation that the Minister of Education must establish a new State school if the sponsor of a converted charter school terminates their contract by mutual agreement or opts to not renew it, unless specific criteria apply. The Minister must have a clear rationale, aligned with set specific criteria, to decide not to establish a new State school after a converted charter school voluntarily closes. The specific criteria that I propose to apply are:

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- 30.1 there are significant financial implications for the Crown in establishing the school that in the Minister's opinion are unjustifiable, or
 - 30.2 establishing the proposed State school does not benefit the network of State schools to allow every student to access quality schooling and provide choice about the types of education they receive, or
 - 30.3 there is insufficient community support for the Minister to justify establishing the proposed State school.
- 31 I consider that this balances providing a greater degree of certainty, while also preserving the Minister's ability to manage the network. The proposed reversion arrangements are intended to provide assurance to prospective sponsors and converted charter schools, for example the settings would remain in place unless there were significant policy changes to the charter school model in the future (e.g., changes to the charter school legislative framework). The proposed criteria are intended to limit financial cost to the Crown where establishment of a new State school in place of a converted charter school would otherwise lead to an oversupply of schools in the local network and mitigate any risk of low community support.
- 32 Any costs associated with the closure of a charter school will sit with the sponsor. This includes any potential redundancy costs for staff, and any other obligations the sponsor is responsible for upon termination of their contract. All costs of establishing a new State school following the closure of a converted charter school would fall to the Crown. However, these costs are expected to be significantly lower compared to opening a new State school under normal circumstances as the school is already operating.
- 33 This proposal will only apply to sponsors that choose to terminate their contract by mutual agreement with the Charter School Agency or opt to not renew it. It is not intended to provide a pathway back to the State sector for underperforming charter schools. Contracts and legislation provide a clear framework for managing performance and the Authorisation Board will intervene where there are performance issues.

Additional provisions which will further decrease disruption

- 34 To further manage any disruption for students, parents and the community when a sponsor voluntarily terminates a contract, I propose the following provisions:
- 34.1 that the Authorisation Board must first investigate ways for the school to remain open as a charter school, which will include replacing the sponsor,
 - 34.2 if the Minister establishes a new State school (meaning the criteria set above do not apply) the character of the former charter school must be maintained (e.g. a State-integrated school, designated character school or Kura Kaupapa Māori) and,
 - 34.3 if the converted school was State-integrated and the Minister accepts an application to negotiate integration from the same proprietor as when it was a State school, the Minister must offer similar terms as were in the previous integration agreement.
- 35 The proposal in 34.2 above ensures that there is continuity in the type of education being offered by the school. Section 212K(1)(b) requires that any designated

character school, State-integrated school or Kura Kaupapa Māori that converts to a charter school must maintain its character. The proposal in 34.2 will ensure this character is maintained when reverting to the State system. Likewise, section 212K(1)(c) prevents any ordinary State school that converts from acquiring a new character at conversion. This requirement will also apply when reverting to the State system.

- 36 I also propose to provide preferential status for existing charter school staff to apply for roles at the new State school. If this is not included in legislation all positions at the new State school would be publicly advertised and appointed on merit. Having no transitional arrangements means that staff would likely be made redundant at great cost to the sponsor. The proposed change would reduce disruption by providing continuity of employment for staff and learning for students, as well as reducing redundancy costs to the sponsor. However, while the change would give staff priority for employment, not all staff will be guaranteed a position. There may still need to be redundancies as staffing needs and associated funding may change and State school requirements will need to continue to be met (i.e. a registered teacher or holder of a Limited Authority to Teach).

Extending the Fixed term agreement to 20 years

- 37 Sponsors enter into a contract with the Charter School Agency on behalf the Crown to operate a charter school. Previously Cabinet agreed that the contract is for a fixed term of 10 years (unless terminated earlier or extended in accordance with the terms of the contract) with two rights of renewal of 10 years each. The Crown has the right to extend the contract subject to the sponsor continuing to meet the terms of their contract, [SOU-24-MIN-0015].
- 38 To provide further certainty for sponsors when entering into a charter school contract, I propose to enable the Charter School Agency to contract for a fixed-term of 20 years for sponsors of converted charter schools, subject to the Authorisation Board's assessment. I also recommend that the Authorisation Board seek the views of the Ministry and ERO on the initial contract term as part of its standard consultation processes prior to sponsor approval. Sponsors will still have two rights of renewal of 10 years each under either length of initial contract, with the Crown having the right to extend the contract subject to the sponsor continuing to meet the terms of their contract.

Implementation (for relevant papers)

- 39 The Charter School Agency will lead the implementation of the changes to the model with support of Authorisation Board and the Ministry of Education. Subject to the introduction of the Bill, the Charter School Agency will communicate the Bill's intentions as they relate to charter schools to the sector. Once enacted, any changes to the operational processes relating to application process, contract negotiations, performance management and termination of contracts will be communicated. Any sponsor applying to open multiple schools under one contract will be able to do that from September 2026.
- 40 The key milestones for implementation are:

Milestone/Activity	Timeframe (estimated)
Bill introduced	October 2025
Communication to sector on potential changes to charter school model	October 2025

Bill passed	July 2026
Updating processes relating contract negotiations, performance management and termination of contracts.	August 2026
Communication on the final changes to current and future	August 2026
First sponsors able to open multiple schools under one contract	January 2027

Cost-of-living Implications

- 41 This proposal should have minimal, if any, impact on the cost of living for impacted people.

Financial Implications

- 42 These proposals have minimal financial implications. There are no direct financial implications that arise from enabling a multi-school contract or from extending the contract period to 20 years.
- 43 There could be financial implications associated with establishing a new State school when a charter school closes. Opening a new State school would usually require additional funding for establishment and property costs. However, I expect this would be significantly lower than usual when a State school is being established after a converted charter school closes, as the school will already be functional and property will already be available. Any additional funding needed to establish a new State school will be sought through the annual Budget process. If there are significant financial implications for the Crown from opening a new State school, under this proposal the Minister of Education would be able to decline to establish the new State school, if they consider these costs are unjustifiable.

Legislative Implications

- 44 Legislative changes are required to implement the changes to the charter school model proposed in this paper (excluding the proposal to extend the contract period). These proposals will be progressed in the Education and Training (System Reform 9(2)(f) Amendment Bill (the Bill) 9(2)(f)(iv) [REDACTED]. The proposed legislation for the charter school model will bind the Crown.

Impact Analysis

Regulatory Impact Statement

- 45 The Impact Analysis Requirements apply and, therefore, a RIS has been completed and attached to this paper for the proposals regarding the legislative changes to enable a pathway for converted charter schools to revert to the State system following voluntarily terminating their contracts.
- 46 The Ministry of Education's Quality Assurance Panel has reviewed the Regulatory Impact Statement produced by the Ministry of Education. The panel considers that the constraints imposed on consultation by the timeframe for developing proposals and the consequent lack of consultation to inform the policy development process affects the assessment of viable implementation of the proposals and precludes the consideration of other barriers that may prove more impactful to address means that

this RIS can only be assessed as partially meeting the Quality Assurance criteria. The RIS provides useful and clear analysis of some options for improving innovation and choice in the education system by reducing barriers for State schools considering converting to Charter schools. The potential impacts, risks, and limitations of the proposed approach are well illustrated.

- 47 The Ministry for Regulation has provided an exemption from the requirement to complete a RIS for the legislative changes relating to enabling a sponsor to hold a single contract for multiple charter schools.

Population Implications

- 48 These changes will improve effectiveness and efficiency of the model by enabling sponsors to establish multiple schools under one contract, reduce disruption for students and parents if a sponsor decides to discontinue its charter school contract, and extend the contract period. This will benefit all students and school communities involved in charter schools including:

- 48.1 Māori and Pacific students
- 48.2 students with disabilities, learning difficulties, or support needs,
- 48.3 students from low socio-economic backgrounds, and
- 48.4 students that would be more engaged in a school with a special character, such as sporting, religious, or environmental sustainability.

Human Rights

- 49 These proposals appear to be consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993. A final determination of consistency will be possible when the Bill has been drafted.

Consultation

- 50 A draft of this paper was shared with Treasury, Department of Prime Minister and Cabinet, Te Kawa Mataaho Public Service Commission, Education Review Office, New Zealand Qualifications Authority, Ministry for Regulation, Charter School Agency, and Social Investment Agency. Their views are reflected in this paper.
- 51 I expect high public interest in the changes to the charter school model and the Charter School Agency will be working with stakeholder groups during the implementation of the changes to deliver clear messages through targeted channels.

Communications

- 52 I intend to announce these changes as soon as Cabinet has made policy decisions as various State schools that are interested in converting to become a charter school want to have certainty on the pathway back to the State system. Stakeholders and interested parties will also be informed by the Charter School Agency via their website.

Proactive Release

- 53 I intend to proactively release this Cabinet paper subject to redactions as appropriate under the Official Information Act 1982.

Recommendations

The Associate Minister of Education recommends that Cabinet:

1. **note** that the charter school model was introduced through legislative amendments in 2024 and the first charter schools opened in early 2025.

Multi-school contracts

2. **agree** to amend the Education and Training Act 2020:
 - 2.1. to enable a sponsor to operate multiple charter schools under one contract (multi-school contract)
 - 2.2. to require the Authorisation Board to take into account the following additional factors when approving a sponsor that wants to operate a multi-school contract:
 - 2.2.1. the overall operating model of the schools including how the sponsor intends to share resources between them, and
 - 2.2.2. if applicable, the performance of the school that the sponsor is currently contracted to operate
 - 2.3. to require that when notifying that a charter school has been established under section 212M, the notice in the New Zealand Gazette must include whether the school is part of multi-school contract
 - 2.4. to provide that the sponsor of a multi-school contract must appoint:
 - 2.4.1. a single chief executive to be responsible for the day-to-day management of all schools within the contract, and
 - 2.4.2. for each school within the multi-school contract, a person to be responsible for overall teaching and learning at the school who is appropriately qualified and holds a current practising certificate
 - 2.5. to include the following additional performance interventions from the Authorisation Board for sponsors with multi-school contracts:
 - 2.5.1. removal of a school from a multi-school contract and the closing of this school; and
 - 2.5.2. removal of a school from a multi-school contract and approving a new sponsor to contract the school.
 - 2.6. that the new proposed interventions in recommendation 2.5 will be subject to the same triggers already in section 212ZF of the Education and Training Act 2020 which are that the Authorisation Board must have reasonable grounds to believe either that:

- 2.6.1. the sponsor has failed to comply with any of its contractual obligations or legislative obligations in respect of the charter school, and has not remedied the failure within a reasonable time or the failure cannot be remedied, or
 - 2.6.2. a significant risk exists that the sponsor will fail to comply with any of its contractual or legislative obligations and the Sponsor is unlikely to mitigate that risk within a reasonable time
- 2.7. that if the Authorisation Board proposes to replace a sponsor of an individual school within a multi-school contract, the same consultation requirements as per section 212ZF(6) of the Act apply
3. **agree** that a potential sponsor that wishes to run multiple schools would be approved in a two-tier process, which firstly includes the approval of the sponsor and then the approval of the establishment of each school application separately
4. **agree** that the sponsor of a multi-school contract can vary the curriculum, qualification, length of school days/terms and distinguishing characteristic by school as part of the contract negotiations
5. **agree** that a sponsor who holds a multi-school contract will have flexibility in how to allocate the funding between schools within the multi-school contract, while still calculating the funding per school.
6. **note** that for multi-school contracts targeted funding, including learning support and capital funding for Ministry-owned property, will continue to be tagged to a specific student or school to ensure funding is used for the right purpose
7. **agree** that, in addition to the reviews by the Education Review Office, each sponsor that has a multi-school contract is monitored on its performance both for each of the schools and on its overall performance by the Authorisation Board and Charter School Agency, depending on the type of performance target
8. **agree** that the annual self-audit report and annual financial statements would include overarching reporting that is consistent for all schools in a multi-school contract with additional reporting that differs for each individual school

Increasing certainty for converted charter schools that a similar type of State school will be established if the sponsor voluntarily terminates its contract

9. **agree** to amend the Education and Training Act 2020:
 - 9.1. to require the Minister of Education to establish a new State school if the sponsor of a converted charter school voluntarily terminates their contract, either through mutual agreement with the Charter School Agency or deciding not to renew its contract, unless the following specific criteria apply:
 - 9.1.1. there are significant financial implications for the Crown when establishing the proposed State school that in the Minister's opinion are unjustifiable;
 - 9.1.2. that establishing the proposed State school does not benefit the network of State schools to allow every student to access quality schooling and provides choice about the types of education they receive; and

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- 9.1.3. there is insufficient community support for the Minister to justify establishing the proposed State school
- 9.2. to require, if the Minister establishes a new State school, that this school has the same character as the former charter school (e.g. State integrated schools, designated character schools, or Kura Kaupapa Māori)
- 9.3. to require the Authorisation Board to first investigate ways for the school to remain open as a charter school, which could include replacing the sponsor
- 9.4. so that if the converted school was State-integrated and the Minister accepts an application to negotiate integration from the same proprietor as when it was a state school, the Minister must offer similar terms as were in the previous integration agreement.
- 9.5. to provide preference of appointment for existing staff of a voluntarily closing charter school who apply for equivalent roles if the Minister establishes a new State school

Extending the fixed term agreement to 20 years

10. **agree** the Charter School Agency can contract for a fixed-term of 20 years for sponsors of converted charter schools, subject to the Authorisation Board's assessment (unless terminated earlier or extended in accordance with the terms of the contract) with two rights of renewal of 10 years each with the Crown having the right to extend the contract subject to the sponsor continuing to meet the terms of their contract.

Implementation

11. **note** that any additional funding needed to establish a new State school will be requested via the annual budget process
12. 9(2)(f)(iv) [REDACTED]
13. **authorise** the Minister of Education and the Associate Minister of Education with the power to act to make further decisions relevant to the proposed changes, in line with Cabinet direction on these issues, that may arise during the drafting process
14. **authorise** the Minister of Education and the Associate Minister of Education to make decisions on any issues of detail or further issues that may arise during the drafting process without further reference to Cabinet, subject to those decisions being consistent with the policy decisions in this paper
15. **invite** the Minister of Education to issue drafting instructions to give effect to the decisions in these recommendations
16. **note** that how the bill is drafted is subject to Parliamentary Counsel's discretion as to how best to express these in legislation

Authorised for lodgement

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Hon David Seymour
Associate Minister of Education

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Appendices

Appendix 1: Regulatory Impact Statement: Pathway for charter schools to revert back to State sector (attached separately)

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Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Next Stage of the Charter School | Kura Hourua Model

Portfolio Associate Education (Hon David Seymour)

On 30 June 2025, Cabinet:

Background

- 1 **noted** that the charter school model was introduced through legislative amendments in 2024, and that the first charter schools opened in early 2025;

Multi-school contracts

- 2 **agreed** to amend the Education and Training Act 2020 (the Act) to:
 - 2.1 enable a sponsor to operate multiple charter schools under one contract (multi-school contract);
 - 2.2 require the Authorisation Board to take into account the following additional factors when approving a sponsor that wants to operate a multi-school contract:
 - 2.2.1 the overall operating model of the schools, including how the sponsor intends to share resources between them; and
 - 2.2.2 if applicable, the performance of the school that the sponsor is currently contracted to operate;
 - 2.3 require that when notifying that a charter school has been established under section 212M of the Act, the notice in the New Zealand Gazette must include whether the school is part of a multi-school contract;
 - 2.4 provide that the sponsor of a multi-school contract must appoint:
 - 2.4.1 a single chief executive to be responsible for the day-to-day management of all schools within the contract; and
 - 2.4.2 for each school within the multi-school contract, a person to be responsible for overall teaching and learning at the school who is appropriately qualified and holds a current practising certificate;

- 2.5 include the following additional performance interventions from the Authorisation Board for sponsors with multi-school contracts:
- 2.5.1 removal of a school from a multi-school contract and the closing of this school; and
 - 2.5.2 removal of a school from a multi-school contract and approving a new sponsor to contract the school;
- 2.6 provide that the new interventions outlined in paragraph 2.5 above will be subject to the same triggers already in section 212ZF of the Act, which are that the Authorisation Board must have reasonable grounds to believe either that:
- 2.6.1 the sponsor has failed to comply with any of its contractual obligations or legislative obligations in respect of the charter school, and has not remedied the failure within a reasonable time or the failure cannot be remedied; or
 - 2.6.2 a significant risk exists that the sponsor will fail to comply with any of its contractual or legislative obligations and the sponsor is unlikely to mitigate that risk within a reasonable time;
- 2.7 provide that if the Authorisation Board proposes to replace a sponsor of an individual school within a multi-school contract, the same consultation requirements as per section 212ZF(6) of the Act apply;
- 3 **agreed** that a potential sponsor that wishes to run multiple schools would be approved in a two-tier process, which firstly includes the approval of the sponsor and then the approval of the establishment of each school application separately;
- 4 **agreed** that the sponsor of a multi-school contract can vary the curriculum, qualification, length of school days/terms, and distinguishing characteristic by school as part of the contract negotiations;
- 5 **agreed** that a sponsor who holds a multi-school contract will have flexibility in how to allocate the funding between schools within the multi-school contract, while still calculating the funding per school;
- 6 **noted** that for multi-school contracts, targeted funding, including learning support and capital funding for Ministry-owned property, will continue to be tagged to a specific student or school to ensure the funding is used for the right purpose;
- 7 **agreed** that, in addition to the reviews by the Education Review Office, each sponsor that has a multi-school contract will be monitored on its performance, both for each of the schools and on its overall performance, by the Authorisation Board and Charter School Agency, depending on the type of performance target;
- 8 **agreed** that the annual self-audit report and annual financial statements would include overarching reporting that is consistent for all schools in a multi-school contract with additional reporting that differs for each individual school;

Increasing certainty for converted charter schools that a similar type of State school will be established if the sponsor voluntarily terminates its contract

9 **agreed** to amend the Act to:

- 9.1 require the Minister of Education to establish a new State school if the sponsor of a converted charter school voluntarily terminates their contract, either through mutual agreement with the Charter School Agency or deciding not to renew its contract, unless the following specific criteria apply:
 - 9.1.1 there are significant financial implications for the Crown when establishing the proposed State school that in the Minister's opinion are unjustifiable;
 - 9.1.2 that establishing the proposed State school does not benefit the network of State schools to allow every student to access quality schooling and provide choice about the types of education they receive; and
 - 9.1.3 there is insufficient community support for the Minister to justify establishing the proposed State school;
- 9.2 require, if the Minister establishes a new State school, that this school has the same character as the former charter school (e.g. State integrated schools, designated character schools, or Kura Kaupapa Māori);
- 9.3 require the Authorisation Board to first investigate ways for the school to remain open as a charter school, which could include replacing the sponsor;
- 9.4 provide that if the converted school was State-integrated and the Minister accepts an application to negotiate integration from the same proprietor as when it was a State school, the Minister must offer similar terms as were in the previous integration agreement;
- 9.5 provide preference of appointment for existing staff of a voluntarily closing charter school who apply for equivalent roles if the Minister establishes a new State school;

Extending the fixed term agreement to 20 years

- 10 **agreed** that the Charter School Agency can contract for a fixed-term of 20 years for sponsors of converted charter schools, subject to the Authorisation Board's assessment (unless terminated earlier or extended in accordance with the terms of the contract), with two rights of renewal of 10 years each, with the Crown having the right to extend the contract subject to the sponsor continuing to meet the terms of their contract;

Implementation

- 11 **noted** that any additional funding needed to establish a new State school will be requested via the annual Budget process;
- 12 **noted** that the above decisions will be given effect through the Education and Training (System Reform ^{9(2)(f)} Amendment Bill, ^{9(2)(f)(iv)} [REDACTED]
- 13 **authorised** the Minister of Education and the Associate Minister of Education to make further decisions relevant to the above changes, in line with Cabinet direction on these issues, that may arise during the drafting process;

- 14 **authorised** the Minister of Education and the Associate Minister of Education to make decisions on any issues of detail or further issues that may arise during the drafting process without further reference to Cabinet, subject to those decisions being consistent with the policy decisions above;
- 15 **invited** the Minister of Education to issue drafting instructions to the Parliamentary Counsel Office give effect to the above paragraphs;
- 16 **noted** that how the Bill is drafted is subject to the discretion of the Parliamentary Counsel Office as to how best to express these decisions in legislation.

Rachel Hayward
Secretary of the Cabinet