

Cabinet Paper material Proactive release

Minister & portfolio	Hon Erica Stanford Minister of Education
Name of package	Paper 1: Transferring regulatory functions for private schools, hostels and early childhood services to ERO
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Paper 1: Transferring regulatory functions for private schools, hostels and early childhood services to ERO

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Author: Office of the Minister of Education

Cabinet Social Outcomes Committee Minute SOU-25-MIN-0078

Date considered: 25 June 2025

Author: Committee Secretary

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Author: Secretary for the Cabinet

Material redacted

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Proactively Released

Office of the Minister of Education
Cabinet Social Outcomes Committee

Paper 1: Transferring regulatory functions for private schools, hostels and early childhood services to ERO

Proposal

- 1 This paper seeks Cabinet agreement to transfer responsibility for licensing, registration and compliance functions for private schools, school hostels, and early childhood services, including the Director of Regulation role, to the Education Review Office (ERO).
- 2 These changes will be progressed through the Education and Training (System Reform - 9(2)(f) Amendment Bill (ERB) 9(2)(f)(iv) .
- 3 This paper is one of three of papers 9(2)(f)(iv) . It should be read with the companion paper *Paper 2: Improving regulation of the teaching workforce, curriculum and assessment*. *Paper 3: New Model for Managing the School Property Portfolio* is still to come.

Relation to government priorities

- 4 Reallocating and clarifying roles and responsibilities of education agencies will improve the system's responsiveness and performance so that it can deliver the Government's education priorities of lifting student achievement and closing the equity gap.

Executive Summary

- 5 I want every child to be inspired and engaged in their learning so they can achieve to the best of their ability and gain skills and qualifications that will support them into further study and employment. Considerable progress has been made to put in place the foundations to achieve this vision. Appendix 1 sets out my report back on this.
- 6 However, I've become increasingly aware of more systemic problems in our education system. The roles, responsibilities and accountabilities of our education agencies are unclear, fragmented and have confusing overlaps. Additionally, government agencies have taken an overly relational approach to accountability rather than using an appropriate level of intervention when education providers are failing. Addressing these problems will require systemic action over several years.
- 7 Therefore, I am proposing to take a stepped approach towards a more deliberate and cohesive education system. Appendix 2 provides an overview 9(2)(f)(iv) of reforms, which I'm seeking to implement via ERB , including those set out in this

paper and the two companion papers which propose reforms for the teaching workforce, curriculum and school property.

- 8 This paper focuses on initial changes needed to strengthen the regulatory practice of the Ministry and ERO. I wish to shift some of the roles and functions of the Ministry and ERO in line with regulatory best practice, improve cohesion, reduce duplication, and support the system to deliver better educational outcomes.
- 9 Cabinet agreed in principle that the responsibility for core regulatory functions related to licensing and certificating early childhood services be transferred to ERO. This will remove duplication, provide certainty for parents and service providers by clearly defining roles and responsibilities, and allow for more timely decisions.
- 10 I am returning to Cabinet to ask that this decision be confirmed in the context of my broader proposals about the allocation of regulatory roles and responsibilities for education. I intend for these regulatory responsibilities to sit within ERO under a Director of Regulation (DOR). This role will be expanded from a sole focus on regulation of early childhood education.
- 11 Private school registration and school hostel licensing are other areas where responsibility can be transferred to ERO. Currently ERO has a review role for both but lacks any compliance or enforcement powers to address issues. Transferring this set of regulatory functions to ERO both clarifies education agency roles and responsibilities and supports a strengthened approach to accountability in the system.
- 12 The Ministry will retain standard and criteria setting for both private school registration and school hostel licencing in line with the broader approach of centralising a high quality standard setting function within the Ministry. Having standard setting in a different place from a regulatory role is best practice.
- 13 Through these proposals, ERO will become the regulator responsible for the compliance functions of the education service providers who require a licence or registration to operate. 9(2)(f)(iv)

Background

- 14 On 2 December 2024, I informed you that work is required to ensure that the school regulatory system, including workforce regulation, is consistently focused on school achievement, and has the appropriate levels of accountability to balance the levels of autonomy in the system [CAB-24-MIN-0471 refers]. My officials have now undertaken that work, and I am setting out the 9(2)(f)(iv) changes for education system reform in this paper, as well as its companion papers.
- 15 On 14 April 2025, as part of the Government's response to the recommendations of the ECE Regulatory Sector Review, Cabinet agreed to amend the Education and Training Act 2020 (the Act) to establish the ECE DOR role within the Ministry through the Education and Training (Early Childhood Education Reform)

Amendment Bill. The DOR will have responsibility for core ECE regulatory functions, including licensing and certification, and proactive monitoring and enforcement of compliance [CAB-25-MIN-0123 refers].

- 16 Cabinet also made in-principle decisions which this paper seeks to confirm. These are to transfer responsibility for licensing and certifying early childhood services to ERO; that the Ministry will retain the responsibility for key functions like standard setting, including licensing and certification criteria; and that responsibility for employing the DOR will be transferred from the Secretary for Education to the Chief Executive of ERO. The DOR must not also be the Chief Review Officer.

Case for change

Reallocating roles between the Ministry and ERO to improve system performance

- 17 There are long-standing issues with the arrangement of functions across the education system, including lack of clarity about the roles and responsibilities of different agencies, lack of system level oversight and low levels of accountability for schools. The ECE Regulatory Sector Review identified confusion and tension between the way the Ministry's regulating and supporting roles and ERO's review and evaluation roles.
- 18 To address this, Cabinet agreed in principle to separate the ECE policy, standard setting, funding, support and system oversight functions from the licensing and certification, monitoring, compliance and enforcement functions. Cabinet also agreed to establish through the ECE Reform Bill a DOR with responsibility for performing the ECE regulatory functions and that responsibility for employing the DOR will transfer from the Secretary to the CE of ERO.
- 19 I wish to seek Cabinet's confirmation of these in-principle decisions and expand the DOR's functions to include registration, licensing and compliance functions for private schools and hostels. This will be additional to ERO's existing structure and strengthen their regulatory role. The Ministry will retain policy, standard setting, funding and support responsibilities. ERO will retain review and evaluation functions.
- 20 The table below shows the current and future state across key functions:

Functions	Current responsibility		Future responsibility
Standard setting and system stewardship	Ministry	→	Ministry
Licensing	Ministry	→	ERO
Monitoring	Ministry and ERO	→	ERO
Enforcement	Ministry	→	ERO

Private schools

- 21 There are currently 83 private schools in New Zealand, enrolling roughly four percent of all students. Private schools are primarily funded by school fees and to a lesser extent, government funding and endowments. They are owned by individuals, private companies, charitable and religious entities and do not need to follow the curriculum.

- 22 Currently, both the Ministry and ERO have a role in the registration of private schools. If a school meets the registration criteria, the Secretary must provisionally register the school and inform ERO. Following this, the Chief Review Officer (CRO) must check compliance with the criteria and advise the Secretary if the school can become fully registered. Once fully registered, the school becomes eligible for government grant funding which the Ministry administers. The Secretary can require compliance with the criteria, impose conditions, suspend or cancel registration.
- 23 Registration of private schools is a core regulatory function, akin to the ECE licensing functions discussed above. I therefore propose to transfer responsibility for the registration of private schools from the Secretary to the DOR and amend the Act to:
- 23.1 transfer key powers and duties from the Secretary to the DOR, including those relating to provisionally and fully registering private schools, offences and interventions, including suspension and cancellation of registration.
 - 23.2 transfer to the DOR the compliance monitoring functions currently being carried out by the CRO. The CRO's private school responsibilities would be limited to review and evaluation of provider performance (section 463).
 - 23.3 provide the DOR the powers held by the Secretary to require information and enter and inspect private schools. The Secretary would continue to hold these powers so that she can perform functions that the Ministry is retaining such as funding, network management and student enrolment.
 - 23.4 introduce requirements for the DOR to inform the Secretary when a private school is provisionally or fully registered, or when DOR becomes aware that a private school is closing, or the DOR has decided to cancel a school's registration. This is so that the Ministry is aware of any potential impact on the State school network.
- 24 As the Ministry will retain funding functions, the responsibility for auditing private school will stay with Secretary. The Secretary will also retain powers related to student enrolment functions. As such, powers and duties relating to students' suspensions or expulsions from private schools will remain with the Secretary.
- 25 The DOR would be responsible for the entire assurance process for private schools, from provisional to full registration and monitoring for compliance with criteria. The DOR would also be able to act on breaches, including by suspending or cancelling a private school's registration. This streamlines the registration process so that private schools only need to work with one regulatory agency in the registration process. It also helps to address any gaps in the process e.g., when private school managers change, it has been unclear which agency is responsible for checking they meet fit and proper person requirements, and neither agency has systems set up to support this.
- 26 In line with regulatory good practice, the CRO would no longer have a role in the registration of private schools. The CRO's role would be limited to review and

evaluation to support a lift in provider performance and distinct from the DOR's role which will be focussed on compliance monitoring.¹

Hostels

- 27 There are 87 licenced school hostels that are approved to house 12,000 students. They are owned and managed by school boards and State-integrated school proprietors, trusts and other private entities. Use of hostels is generally driven by geographic isolation or by a desire for students to attend special character or private schools.
- 28 The Education (Hostel) Regulations 2005 (the Hostel Regulations) require hostels to be licenced to help ensure the safety of boarding students. Both the Ministry and ERO have roles in hostels licensing:
- 28.1 The Secretary for Education has responsibility for licensing, monitoring compliance and enforcement of the Hostel Regulations. Hostel owners are required to apply to the Hostel Licensing Authority (currently the Secretary) for issuing or renewal of a license. A person authorised by the Minister of Education, can inspect hostels (section 631), for the purpose of monitoring compliance with minimum standards, codes of practice, licences, or licence conditions. Currently, all 'authorised persons' are employed in the Ministry.
- 28.2 The CRO reviews the provision of a safe physical and emotional environment that supports learning for students accommodated in hostels (section 470). The CRO can designate suitably qualified persons to be 'review officers' to inspect hostels as part of a review (sections 465 and 471-472). ERO reviews of hostels may be used by the Secretary when deciding whether to issue or renew licenses (see Regulation 12 of the Hostel Regulations).
- 29 Current settings have led to a duplication of functions between ERO and the Ministry and unclear boundaries between ERO's review and regulatory functions. ERO reviews do not always occur at the right time for the information to feed into licensing renewal decisions, resulting in Ministry staff needing to gather information instead.
- 30 This paper proposes that the regulatory system for hostels is aligned to regulatory best practice and supports system coherence, by transferring responsibility for hostels licensing from the Secretary to the DOR. This would mean that the DOR would have responsibility for regulatory assurance functions including:
- 30.1 hostel licensing decisions;
- 30.2 providing information and guidance to regulated parties about how to comply with regulations;
- 30.3 monitoring compliance, including inspections and investigations; and
- 30.4 enforcement and appeals.

¹ The CRO's role in reviewing state and state integrated schools remains unchanged. At this time school improvement and associated statutory interventions will be managed by the Ministry.

- 31 This would bring all regulatory assurance functions together in ERO instead of having them split across ERO and the Ministry. The Ministry would keep responsibility for strategy and policy, legislative and standard. This will reduce duplication and create a more, responsive, timely and effective regulatory system for school hostels.
- 32 The ‘authorised person’ provisions in the Act do not name an agency whose staff are authorised to inspect hostels to monitor compliance. This contributes to the overall lack of clarity about regulatory roles and responsibilities in the education system.
- 33 I recommend that section 632 of the Act is amended to enable the DOR, rather than the Minister, to authorise in writing any suitably qualified person to inspect hostels under section 632. This will make it clear that ERO is the agency who is responsible for inspecting hostels for the purpose of monitoring compliance. It will also create consistency with Cabinet decisions on DOR functions for early childhood education.
- 34 A lift and shift of responsibility for hostels licensing does not go far enough. The Hostels Regulations were created 20 years ago and are no longer fit for purpose. Officials have identified several significant issues related to monitoring requirements, complaints and incident reporting processes and gaps in the hostels licensing criteria.
- 35 I have directed officials to review the Hostels Regulations while ERB is in the House, so that changes to improve the effectiveness and responsiveness of the hostels regulatory system will be in place before the functions are transferred to ERO.

Implementation

- 36 9(2)(f)(iv) [REDACTED]
- 37 Implementation and ERO’s preparedness to undertake new functions was discussed in the Regulatory Impact Assessment *Proposals responding to the ECE regulatory sector review*. However, I recognise that whilst the private schools and hostels functions are much smaller, they will have an additional impact on ERO. I have asked officials to provide me and the Minister for the Public Service with an implementation plan to give confidence that ERO will be ready to receive its new functions.
- 38 Cabinet agreed in principle that within two months of the passing of ERB, responsibility for employing the DOR will transfer to the Chief Executive of the Education Review Office. I wish to confirm this decision.
- 39 The Ministry and ERO will implement the transition of the shift in regulatory functions, including 9(2)(f)(iv) [REDACTED] in accordance with the requirements of the Public Service Act 2020. Formal communication of this decision, its expected transfer date, role and functions, will be led jointly by the Secretary and the CRO.

Cost-of-living Implications

- 40 These proposals reduce costs to government by improving the efficiency and effectiveness of the regulatory system.

Financial Implications

- 41 9(2)(f)(iv) [REDACTED]
[REDACTED]. Cabinet authorised the Minister of Education, Associate Minister of Education and the Minister of Finance to jointly approve changes to funding and appropriations within existing baselines to enable the transfer of these regulatory functions, including establishing any necessary appropriations [CAB-25-MIN-0123].
- 42 Funding associated with the transfer of private schools and hostels regulatory functions will be significantly smaller as these functions currently represent a fraction of some staff members' roles. ERO already undertakes some elements of the compliance work. School hostels also pay licensing fees which will, upon transfer of these functions, be collected by the DOR. Officials are currently quantifying residual resource in the Ministry, including any surge capacity required for intensive compliance action that may need to be transferred to ERO.
- 43 I recommend that Cabinet authorise the Minister of Education and the Minister of Finance to jointly approve changes to funding and appropriations within existing baselines to enable the transfer of the private schools and hostels regulatory functions, including establishing any appropriations (and categories) as necessary.
- 44 9(2)(f)(iv) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- 45 9(2)(f)(iv) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] As part of the upcoming review of Hostels Regulations, the Ministry and ERO officials will review the hostel licensing fees to reflect the cost of the licensing function. The collection of fees will transfer to the DOR via ERB [REDACTED].

Legislative Implications

- 46 The legislative proposals in this paper will bind the Crown. The proposals require amendments to the Education and Training Act 2020. I intend to progress the amendments to the Act the Education and Training (System Reform 9(2)(f) Amendment Bill 9(2)(f)(iv) [REDACTED]
[REDACTED].

Impact Analysis

Regulatory Impact Statement

- 47 The Ministry for Regulation has determined that this proposal is exempt from the requirement to provide a Regulatory Impact Statement on the grounds that it has no or only minor economic, social, or environmental impacts.²

Climate Implications of Policy Assessment

- 48 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this policy proposal, as the threshold for significance is not met.

Population Implications

- 49 The proposals outlined in this paper are expected to lead to improved health, safety and wellbeing outcomes for children and young people. The planned changes to hostel regulations will be in line with the recommendations of the Royal Commission of Inquiry into Abuse in Care and will be in place before the hostel regulatory functions are transferred to ERO.

Human Rights

- 50 There are no inconsistencies of the proposals in this paper with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Consultation

- 51 The Public Service Commission, Treasury, Education Review Office, Parliamentary Counsel Office, Ministry for Regulation and New Zealand Qualifications Authority were consulted. The Department of Prime Minister and Cabinet was informed.

Communications

- 52 My office will announce these proposals once Cabinet decisions have been made and affected staff at the Ministry and ERO have been informed.

Proactive Release

- 53 I intend to proactively release this Cabinet paper once decisions have been made and affected staff have been informed subject to redactions as appropriate under the Official Information Act 1982.

Recommendations

The Minister of Education recommends that the Committee:

² The Regulatory Impact Statement for the policy decisions relating to the ECE functions was prepared and attached to *Paper 2: Response to the Early Childhood Education Regulatory Sector Review*.

- 1 **note** considerable progress has been made to date towards my priorities, and a report on this progress, as requested by Cabinet in 2024 [CAB 24 MIN 0131 and CAB 24 MIN041.02 refer] is attached at Appendix 1;

Transfer of ECE regulatory functions

- 2 **note** that on 14 April 2025, Cabinet agreed in principle that responsibility for licensing and certificating early childhood services under the Act and associated secondary legislation be transferred to the ERO through the Education and Training (System Reform 9(2)(f) Amendment Bill, including responsibility for:
 - 2.1 issuing, amending, and revoking licences and certificates;
 - 2.2 providing information, support and guidance to service providers regarding regulatory requirements and compliance;
 - 2.3 proactive monitoring of compliance, including undertaking investigations and interventions in response to complaints, accidents and incidents where there is a breach of licensing and certification requirements;
 - 2.4 enforcement of compliance, including undertaking investigations and prosecutions of offences under sections 28-30 of the Education and Training Act 2020;
 - 2.5 reporting on compliance and enforcement to parents and other relevant parties;
 - 2.6 sharing information on licensing, compliance and enforcement with other agencies, including the Secretary for purposes including system stewardship, management and administration of funding, and child protection; and
 - 2.7 responding to complaints and appeals regarding regulatory decisions;
- 3 **note** that, as part of the decisions referred to recommendation 2, Cabinet agreed in principle that the Ministry will retain responsibility for:
 - 3.1 system performance and setting the strategic direction of the early childhood regulatory system;
 - 3.2 policy justification for legislation, regulations and standard setting, including licensing and certification criteria;
 - 3.3 administration and oversight of legislation and regulations, including regulatory stewardship of the early childhood regulatory system;
 - 3.4 funding and purchases for early childhood services and certified playgroups, including audit and mitigating and investigating fraud;
 - 3.5 support and guidance for the early childhood sector;
 - 3.6 curriculum development and educational standard setting; and

3.7 prosecutions under the Children's Act 2014;

4 **confirm** the previous Cabinet decisions outlined in recommendations 2 and 3;

Transfer of Director of Regulation

5 **note** that on 14 April 2025, Cabinet agreed to amend the Act through the Education and Training (Early Childhood Education Reform) Amendment Bill to establish a new statutory role of DOR that, in the first instance, is employed by and accountable to the Secretary for the performance of their functions and duties;

6 **note** that on 14 April 2025, Cabinet agreed in principle that, within two months of the passing of the Education and Training (System Reform 9(2)(f) Amendment Bill:

6.1 responsibility for employing the DOR will transfer to the Chief Executive of ERO; and

6.2 the DOR must not also be the CRO;

7 **confirm** Cabinet's in principle decision identified in recommendation 6, that responsibility for employing the DOR transfer to the Chief Executive of ERO and that the DOR must not also be the CRO.

Transfer of private schools and hostels regulatory functions

8 **agree** to transfer responsibility for licensing, registration and compliance functions for private schools and school hostels from the Secretary to the Director of Regulation;

9 **note** that both the Secretary and CRO have a role private school registration;

10 **agree** to amend the following provisions in the Education and Training Act 2020 (the Act) that relate to the provisional and full registration and the operation of private schools so that responsibility is transferred from the Secretary to the Director of Regulation (DOR):

10.1 Section 213 – Secretary may require application for registration of school

10.2 Section 214 – Registration of private schools

10.3 Section 249 – Offences relating to operation of private schools

10.4 Section 629 – Entry where private school suspected of being unregistered i.e., change to person authorised by DOR rather than a person authorised by the Secretary

10.5 Clause 1 of Schedule 7 – Provisional and full registration of private schools, including replacing the reference to 'request' in subclause (4) with 'carry out' or similar and consequentially remove the reference to the Secretary in cl 9(4)

10.6 Clause 4 of Schedule 7 – Additional and substituted premises to be approved

- 10.7 Clause 6 of Schedule 7 – Managers to be fit and proper persons
- 10.8 Clause 8 of Schedule 7 – Managers must advise Secretary of school ceasing operation
- 10.9 Clause 9 of Schedule 7 – Review of private schools, subclauses (1) and (6)
- 10.10 Clause 10 of Schedule 7 – Secretary’s actions in relation to private schools
- 10.11 Clause 11 of Schedule 7 – Duration of suspension
- 10.12 Clause 12 of Schedule 7 – Process for cancellation of registration
- 11 **agree** that any private schools and hostels registration and compliance monitoring that ERO’s CRO has been carrying out to date will now be carried out by the DOR;
- 12 **agree** to transfer the CRO’s review powers and duties specified in clauses 9(2), 9(3) and 9(4) of Schedule 7 to the DOR;
- 13 **agree** that as the Secretary no longer has any registration functions, amend clause 9 of Schedule 7 to remove reference to the Secretary in subclauses (3) and (4);
- 14 **agree** that the CRO will continue to carry out reviews and evaluations of private schools’ performance to support continuous improvement and therefore will retain the review functions provided for in clauses 9(5) and 9(6) of Schedule 7;
- 15 **agree** that clause 9(7) of Schedule 7 which relates to reviewing whether a school complies with the registration criteria and what the school needs to do to meet the criteria, be separated from the existing CRO review and given to the DOR instead;
- 16 **agree** that to avoid confusion between the CRO’s review role and the DOR’s compliance monitoring role, amend the references in clause 9 (and other relevant provisions) so that ‘review’, ‘review officers’ and other related terms be used in relation to the CRO’s functions only and new appropriate terminology be adopted to describe the DOR’s activities (and persons authorised by them);
- 17 **agree** to duplicate the Secretary’s powers in sections 619 (Secretary may require information for administration of Act) and 628 (Powers of entry and inspection) with respect to private schools for the DOR, whilst ensuring that the Secretary continues to have these powers so that the Secretary can carry out their remaining functions in relation to private schools;
- 18 **agree** to establish a new requirement for the DOR to inform the Secretary whenever a school is provisionally or fully registered and when a school ceases to operate or has its provisional or full registration cancelled. This includes amending clause 9(1) in Schedule 7 so that the DOR be required to inform the Secretary as well as the CRO;
- 19 **agree** that the Secretary will retain responsibility for:
- 19.1 funding and grant responsibilities set out in clauses 13 – 15 of Schedule 7; and

- 19.2 the process and requirements related to the suspensions and expulsions of students from private schools described under clause 16 of Schedule 7;
- 20 **note** that the Secretary is the licensing authority for school hostels under regulation 4 of the Education (Hostels) Regulations 2005;
- 21 **agree** that responsibility for licensing school hostels under Education (Hostels) Regulations 2005 be transferred to the DOR to be established in the ERO as part of the first phase of system reform;
- 22 **note** that the DOR would have responsibility for all regulatory assurance functions for hostels including:
- 22.1 hostel licensing decisions;
 - 22.2 providing information and guidance to regulated parties about how to comply with the Education (Hostel) Regulations 2005 and license conditions;
 - 22.3 monitoring compliance, including inspections and investigations; and
 - 22.4 enforcement and appeals.
- 23 **agree** to amend the definition of ‘Authority’ in regulation 4 of the Education (Hostel) Regulations 2005 to transfer responsibility for hostel licensing from the Secretary to the DOR in the ERO;
- 24 **note** that sections 630-632 of the Act enable the Minister of Education (Minister) to appoint ‘authorised persons’ to inspect a hostel for monitoring compliance with minimum standards, codes of practice, licences, or licence conditions;
- 25 **note** that the lack of reference to a particular agency or organisation responsible for authorising people to inspect hostels in sections 630-632 of the Act contributes to the overall lack of clarity about regulatory roles in education;
- 26 **agree** that section 632 of the Act be amended so that the DOR, instead of the Minister, can authorise suitably qualified persons to inspect hostels under sections 630-632;
- 27 **note** I am directing the Ministry to review the Education (Hostel Regulations) 2005 to ensure they are fit for purpose before the responsibility for hostels licensing is transferred to ERO;

Financial implications and implementation

- 28 9(2)(f)(iv) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

- 29 9(2)(f)(iv) [redacted]
[redacted]
[redacted]
[redacted]
[redacted]
- 30 9(2)(f)(iv) [redacted]
[redacted]
[redacted]
[redacted];
- 31 9(2)(f)(iv) [redacted]
[redacted]
[redacted]
[redacted];
- 32 9(2)(f)(iv) [redacted]
[redacted]
[redacted]
[redacted]
[redacted];
- 33 **authorise** the Minister of Education and the Minister of Finance to jointly approve changes to funding and appropriations within existing baselines to enable the transfer of the private schools and hostels regulatory functions, including establishing any appropriations (and categories) as necessary;
- 34 9(2)(f)(iv) [redacted]
[redacted]
[redacted]
[redacted]
[redacted]
- 35 **note** that the Minister of Education has asked officials that an implementation plan be provided to her and the Minister for the Public Service to provide confidence that ERO is ready to perform its new functions;

Machinery of Government implications

- 36 9(2)(f)(iv) [redacted]
[redacted]
[redacted]
[redacted];
- 37 **agree** that formal communication of this decision, the expected transfer date, role and functions, will be led jointly by the Secretary for Education and the Chief Review Officer (CRO);

Regulatory Impact Statement

- 38 **note** that the Ministry for Regulation has determined that this proposal is exempt from the requirement to provide a Regulatory Impact Statement on the grounds that it has no or only minor economic, social, or environmental impacts;

Drafting

- 39 **invite** the Minister of Education to issue drafting instructions to Parliamentary Counsel Office to give effect to the decisions on these recommendations;
- 40 **agree** that the Minister of Education has delegated authority to make minor and technical decisions which may arise during the drafting process, provided that they are consistent with the overall policy decisions made by Cabinet;
- 41 **note** that these proposals will be given effect through the Education and Training (System Reform 9(2)(f) Amendment Bill 9(2)(f)(iv)
- 42 **note** that how the Bill is drafted is subject to Parliamentary Counsel's discretion as to how best to express these policy decisions in legislation.

Hon Erica Stanford

Minister of Education

Appendix 1: Priority report back

DRAFT NOT GOVERNMENT POLICY

Vision: A world-leading education system sets children up for economic and social success, and builds New Zealand's human capital to improve productivity and support growth



Students achieve to the best of their ability & gain skills & qualifications that support them into further study & employment.



Parents and caregivers are confident that their child is receiving a quality education that will position them well for success.



Teachers and educators are supported to consistently deliver an evidence-based, knowledge-rich curriculum.



School governance and leadership are held accountable for student achievement.



Evidence-based supports & interventions are provided where they are needed.

Report back on progress towards my education priorities [CAB 24-MIN-0131 refers] and the Māori Education Action Plan [CAB-24-MIN-0461.02 refers]

Clearer Curriculum	Better approach to literacy and numeracy	Smarter assessment & reporting	Improved teacher attraction, retention & training	Stronger learning support	Greater use of data
<ul style="list-style-type: none"> ✓ Compulsory use of the refreshed NZC & TMOA for Years 0-6 English & Te Reo Rangatira & Years 0-8 Maths & Pāngarau from 2025. ▲ ➤ Refreshed NZC & TMOA for Years 7-13 in English and Te Reo Rangatira, and Years 9-13 in Mathematics and Statistics and Pāngarau available for 2026 ▲ ➤ The full updated national curriculum will be available throughout 2026, before its use is required in 2027. ▲ ➤ Supported by resources, including teacher & student workbooks in both English & Māori. ▲ 	<ul style="list-style-type: none"> ✓ All state schools and kura will teach reading using structured literacy and structured pānui, tuhituhi from 2025. ▲ ✓ Supported by \$67m for structured literacy & structured pānui, tuhituhi in B24 & \$20m for PLD in structured maths & pāngarau, with an additional \$30 million for maths and pāngarau resources in 2025. ▲ ✓ Stronger entry requirements for teachers (14 Maths credits at NCEA level 2). 	<ul style="list-style-type: none"> ✓ English and te reo Māori phonics checks for students in their first year of school. ▲ ✓ Expanded the Curriculum Insights & Progress Study. ➤ Developing Te Tīrewa Mātai as an equivalent of CIPs for Māori language settings. ✓ Twice-yearly assessments on reading / pānui, writing / tuhituhi, & maths / pāngarau for Years 3-8 using nationally consistent tools is encouraged. ▲ ➤ Procuring new assessment & aromatawai tool to support twice-yearly assessment. ▲ ✓ Work to further strengthen NCEA to improve its national & international credibility. ▲ 	<ul style="list-style-type: none"> ✓ \$53m in B24 initiatives to grow & retain teachers / kaiako & improve teacher training. ✓ Expanded the School Onsite Training Programme to primary schools in 2025. ü \$30m in B25 to double the Leadership Advisory Service and deliver an Aspiring Principal Programme ü \$33m in B25 to deliver 530 additional School Onsite Training Programme places and to support a domestic and overseas marketing programme. ✓ Released a 2024 national & regional teacher supply & demand projection report. ✓ Added primary teachers to the Straight to Residence pathway under the green list. ✓ Statement of Govt. Policy to the Teaching Council ➤ Teaching Council Governance, Transparency & Accountability reforms. 	<ul style="list-style-type: none"> ✓ \$89 million in B24 for day specialist schools & satellite teaching spaces. ✓ Largest learning support investment in a generation through Budget 2025. ➤ Exploring a single digital platform for learning support services to improve access to support & data collection. ➤ Intention to use social investment for learning support by intervening earlier & better targeting investment. ➤ Work to strengthen how Māori language settings can plan & coordinate learning support responses. ▲ 	<ul style="list-style-type: none"> ➤ Clear minimum reporting requirements in contracts. ➤ Measuring what matters with a Core Education Outcomes & Indicators Framework. ➤ A way to code & compare interventions and supports. ➤ Evidence & evaluation standards. ➤ Work to improve digital data functionality. ➤ Work to produce system performance data for English medium, Māori medium & Kaupapa Māori education provision. ▲

Māori Education Action Plan Workstreams:

- ✓ Line-by-line exercise to clarify & optimise spend on Māori education to inform a Budget 2025 Māori Education Package.
- ✓ Ka Ora, Ka Ako | Healthy School Lunches & Ikura | Period Products in Schools support Govt Attendance & Achievement targets.
- ✓ Ongoing engagements with Te Rūnanga Nui to prioritise education & strengthening alternative education.
- Started work with SIA on whānau engagement in

Key: ✓ Complete ➤ In progress ▲ Supports the MEAP

‘BIG TICKET’ REFORM PROGRAMMES WILL DRIVE IMPROVED STUDENT OUTCOMES

- 1 WORLD-LEADING CURRICULUM & BETTER ASSESSMENT
- 2 REDESIGN NCEA
- 3 GROW THE WORKFORCE& LIFT ITS CAPABILITY
- 4 TRANSFORM LEARNING SUPPORT
- 5 BOOST SCHOOL ATTENDANCE
- 6 SHARPEN SCHOOL ACCOUNTABILITY
- 7 LIFT AGENCY PERFORMANCE

Mobilising the entire policy toolkit for ‘Big Ticket’ reform

- **Regulatory:** set clear roles and responsibilities, set standards, require accountability, maintain quality.
- **Information:** provide guidance and promote cooperation and informed decision-making through reporting to parents, caregivers and the public.
- **Operations and ways of working:** changing operational policies, practices and culture to improve efficiency, accountability and decision-making.
- **Resourcing:** allocate funds in a way that strengthens the ability of the education system to deliver quality education and achieve excellent outcomes.

9(2)(f)(iv)

FOUNDATION FOR CHANGE –
EDUCATION & TRAINING (SYSTEM REFORM 9(2)(f)(iv) AMENDMENT BILL

Changes contribute to ‘big ticket’ reform #

Cabinet paper 1: TRANSFERRING REGULATORY FUNCTIONS FOR PRIVATE SCHOOLS, HOSTELS & ECE TO ERO	<ul style="list-style-type: none">• Clear roles and accountability:<ul style="list-style-type: none">– transfer Private School registration and School Hostel Licensing functions from the Ministry of Education to the Education Review Office– confirm agreement in principle to transfer ECE regulatory decision-making functions <i>and the Director of Regulation</i> from the Ministry of Education to the Education Review Office.	6.	7.
Cabinet paper 2: Part 1: CLEAR & FUTURE PROOF CURRICULUM, ASSESSMENT & REPORTING Part 2:LEAVE NOTHING TO CHANCE IN WORKFORCE REGULATION	<ul style="list-style-type: none">• Effective and responsive curriculum: regular Curriculum reviews and streamlined and differentiated curriculum statements.• Reducing administrative burden: changing from “consulting” parents and whānau to “informing” them about the health curriculum.• A single standard-setter: transferring standard setting functions held by the Teaching Council to the Ministry of Education, in a way that supports continued sector voice.• Stronger accountability: strengthening the Teaching Council’s teacher education monitoring and approval functions and powers.• Enhancing the professional body: Focusing the Teaching Council on its core regulatory functions with streamlined governance to increase its efficiency and effectiveness.	1.	7.
Cabinet paper 3: NEW MODEL FOR MANAGING THE SCHOOL PROPERTY PORTFOLIO	<ul style="list-style-type: none">• Fit-for-purpose agency roles: A new model for property to build new schools and classrooms and maintain the portfolio through planning and delivery.• Explicit accountabilities and responsibilities for the Ministry (education performance and investment intentions) and a property agency (planning and delivery).• Meet good practice expectations across the investment cycle, with continuous improvement.	6.	7.
Cabinet paper 4: REFINING CHARTER SCHOOLS	<ul style="list-style-type: none">• Supporting choice: provide a pathway for state schools that become charter schools to return to the state school system if they choose.		



Cabinet Social Outcomes Committee

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.

Transferring Regulatory Functions for Private Schools, Hostels and Early Childhood Services to the Education Review Office

Portfolio Education

On 25 June 2025, the Cabinet Social Outcomes Committee (SOU):

Progress update on the Minister of Education's priorities

1 **noted** that:

- 1.1 in April 2024, SOU invited the Minister of Education (the Minister) to report back to on the progress of actions that give effect to the agreed Education priorities [SOU-24-MIN-0026];
- 1.2 considerable progress has been made to date towards the Education priorities, and a report on this progress is attached as Appendix 1 to the submission under SOU-25-SUB-0078;

Transfer of Early Childhood Education regulatory functions

2 **noted** that in April 2025, Cabinet agreed in principle that responsibility for licensing and certificating early childhood services under the Education and Training Act 2020 (the Act) and associated secondary legislation be transferred to the Education Review Office (ERO) through the Education and Training (System Reform ^{9(2)(f)} Amendment Bill (the Bill), including responsibility for:

- 2.1 issuing, amending, and revoking licences and certificates;
- 2.2 providing information, support and guidance to service providers regarding regulatory requirements and compliance;
- 2.3 proactive monitoring of compliance, including undertaking investigations and interventions in response to complaints, accidents and incidents where there is a breach of licensing and certification requirements;
- 2.4 enforcement of compliance, including undertaking investigations and prosecutions of offences under sections 28-30 of the Act;
- 2.5 reporting on compliance and enforcement to parents and other relevant parties;

- 2.6 sharing information on licensing, compliance, and enforcement with other agencies, including the Secretary of Education (the Secretary) for purposes including system stewardship, management and administration of funding, and child protection;
- 2.7 responding to complaints and appeals regarding regulatory decisions;

[CAB-25-MIN-0123]

3 **noted** that, as part of the decisions referred to paragraph 2, Cabinet also agreed in principle that the Ministry of Education (the Ministry) will retain responsibility for:

- 3.1 system performance and setting the strategic direction of the early childhood regulatory system;
- 3.2 policy justification for legislation, regulations and standard setting, including licensing and certification criteria;
- 3.3 administration and oversight of legislation and regulations, including regulatory stewardship of the early childhood regulatory system;
- 3.4 funding and purchases for early childhood services and certified playgroups, including audit and mitigating and investigating fraud;
- 3.5 support and guidance for the early childhood sector;
- 3.6 curriculum development and educational standard setting; and
- 3.7 prosecutions under the Children's Act 2014;

[CAB-25-MIN-0123]

4 **confirmed** the previous Cabinet decisions outlined in paragraphs 2 and 3;

Transfer of Director of Regulations

5 **noted** that in April 2025, Cabinet agreed to amend the Act through the Bill to establish a new statutory role of Director of Regulations (DOR) that, in the first instance, is employed by and accountable to the Secretary for the performance of their functions and duties [CAB-25-MIN-0123];

6 **noted** that in April 2025, Cabinet agreed in principle that, within two months of the passing of the Bill:

- 6.1 responsibility for employing the DOR will transfer to the Chief Executive of ERO;
- 6.2 the DOR must not also be the Chief Review Officer (CRO);

[CAB-25-MIN-0123]

7 **confirmed** Cabinet's in principle decision referred to in paragraph 6, that responsibility for employing the DOR transfer to the Chief Executive of ERO, and that the DOR must not also be the CRO;

Transfer of private schools and hostels regulatory functions

- 8 **agreed** to transfer responsibility for licensing, registration, and compliance functions for private schools and school hostels from the Secretary to the DOR;
- 9 **noted** that both the Secretary and CRO have a role in private school registration;
- 10 **agreed** to amend the following provisions in the Act that relate to the provisional and full registration and the operation of private schools so that responsibility is transferred from the Secretary to the DOR:
- 10.1 section 213 – Secretary may require application for registration of school;
 - 10.2 section 214 – registration of private schools;
 - 10.3 section 249 – offences relating to operation of private schools;
 - 10.4 section 629 – entry where private school suspected of being unregistered, i.e. change to person authorised by DOR rather than a person authorised by the Secretary;
 - 10.5 clause 1 of schedule 7 – provisional and full registration of private schools, including replacing the reference to ‘request’ in subclause (4) with ‘carry out’ or similar, and consequentially remove the reference to the Secretary in cl 9(4);
 - 10.6 clause 4 of schedule 7 – additional and substituted premises to be approved;
 - 10.7 clause 6 of schedule 7 – managers to be fit and proper persons;
 - 10.8 clause 8 of schedule 7 – managers must advise Secretary of school ceasing operation;
 - 10.9 clause 9 of schedule 7 – review of private schools, subclauses (1) and (6);
 - 10.10 clause 10 of schedule 7 – secretary’s actions in relation to private schools;
 - 10.11 clause 11 of schedule 7 – duration of suspension;
 - 10.12 clause 12 of schedule 7 – process for cancellation of registration;
- 11 **agreed** that any private schools and hostels registration and compliance monitoring that ERO’s CRO has been carrying out to date will now be carried out by the DOR;
- 12 **agreed** to transfer the CRO’s review powers and duties specified in clauses 9(2), 9(3) and 9(4) of schedule 7 of the Act to the DOR;
- 13 **agreed** that as the Secretary no longer has any registration functions, to amend clause 9 of schedule 7 of the Act to remove reference to the Secretary in subclauses (3) and (4);
- 14 **agreed** that the CRO will continue to carry out reviews and evaluations of private schools’ performance to support continuous improvement, and therefore will retain the review functions provided for in clauses 9(5) and 9(6) of schedule 7;
- 15 **agreed** that clause 9(7) of schedule 7 of the Act, which relates to reviewing whether a school complies with the registration criteria and what the school needs to do to meet the criteria, be separated from the existing CRO review and given to the DOR instead;

- 16 **agreed** that, to avoid confusion between the CRO's review role and the DOR's compliance monitoring role, to amend the references in clause 9 of the Act (and other relevant provisions) so that 'review', 'review officers', and other related terms be used in relation to the CRO's functions only, and new appropriate terminology be adopted to describe the DOR's activities (and persons authorised by them);
- 17 **agreed** to duplicate the Secretary's powers in sections 619 of the Act (Secretary may require information for administration of Act) and 628 (Powers of entry and inspection) with respect to private schools for the DOR, whilst ensuring that the Secretary continues to have these powers so that the Secretary can carry out their remaining functions in relation to private schools;
- 18 **agreed** to establish a new requirement for the DOR to inform the Secretary whenever a school is provisionally or fully registered, and when a school ceases to operate or has its provisional or full registration cancelled, which includes amending clause 9(1) in schedule 7 of the Act so that the DOR be required to inform the Secretary as well as the CRO;
- 19 **agreed** that the Secretary will retain responsibility for:
- 19.1 funding and grant responsibilities, as set out in clauses 13 – 15 of schedule 7 of the Act; and
 - 19.2 the process and requirements related to the suspensions and expulsions of students from private schools described under clause 16 of schedule 7 of the Act;
- 20 **noted** that the Secretary is the licensing authority for school hostels under regulation 4 of the Education (Hostels) Regulations 2005;
- 21 **agreed** that responsibility for licensing school hostels under Education (Hostels) Regulations 2005 be transferred to the DOR to be established in the ERO 9(2)(f)(iv) [REDACTED];
- 22 **noted** that the DOR would have responsibility for all regulatory assurance functions for hostels including:
- 22.1 hostel licensing decisions;
 - 22.2 providing information and guidance to regulated parties about how to comply with the Education (Hostel) Regulations 2005 and license conditions;
 - 22.3 monitoring compliance, including inspections and investigations;
 - 22.4 enforcement and appeals;
- 23 **agreed** to amend the definition of 'Authority' in regulation 4 of the Education (Hostel) Regulations 2005 to transfer responsibility for hostel licensing from the Secretary to the DOR in the ERO;
- 24 **noted** that sections 630-632 of the Act enable the Minister to appoint 'authorised persons' to inspect a hostel for monitoring compliance with minimum standards, codes of practice, licences, or licence conditions;
- 25 **noted** that the lack of reference to a particular agency or organisation responsible for authorising people to inspect hostels in sections 630-632 of the Act contributes to the overall lack of clarity about regulatory roles in education;

- 26 **agreed** that section 632 of the Act be amended so that the DOR, instead of the Minister, can authorise suitably qualified persons to inspect hostels under sections 630-632;
- 27 **noted** that the Minister is directing the Ministry to review the Education (Hostel Regulations) 2005 to ensure they are fit for purpose before the responsibility for hostels licensing is transferred to ERO;

Financial Implications

- 28 **noted** that in April 2025, Cabinet:

28.1 9(2)(f)(iv)

28.2 authorised the Minister of Education, the Associate Minister of Education, and the Minister of Finance to jointly approve changes to funding and appropriations within existing baselines to enable the transfer of these regulatory functions, including establishing any appropriations (and categories) as necessary;

28.3 9(2)(f)(iv)

[CAB-25-MIN-0123]

29 9(2)(f)(iv)

30 9(2)(f)(iv)

31 9(2)(f)(iv)

32 9(2)(f)(iv)

- 33 **authorised** the Minister and the Minister of Finance to jointly approve changes to funding and appropriations within existing baselines to enable the transfer of the private schools and hostels regulatory functions, including establishing any appropriations (and categories) as necessary;

34 9(2)(f)(iv)

;

- 35 **noted** that the Minister has asked officials that an implementation plan be provided to her and the Minister for the Public Service to provide confidence that ERO is ready to perform its new functions;

Machinery of Government implications

- 36 9(2)(f)(iv) [REDACTED]

- 37 **agreed** that formal communication of this decision, the expected transfer date, role and functions, will be led jointly by the Secretary and CRO;

Regulatory Impact Statement

- 38 **noted** that the Ministry for Regulation has determined that the proposal under SOU-25-SUB-0078 is exempt from the requirement to provide a Regulatory Impact Statement on the grounds that it has no or only minor economic, social, or environmental impacts;

Next steps

- 39 **invited** the Minister to issue drafting instructions to the Parliamentary Counsel Office to give effect to the decisions under SOU-25-MIN-0078;
- 40 **authorised** the Minister to make minor and technical decisions which may arise during the drafting process, provided that they are consistent with the overall policy decisions under SOU-25-MIN-0078;
- 41 **noted** that the proposals under SOU-25-SUB-0078 will be given effect through the Education and Training (System Reform 9(2)(f) Amendment Bill (the Bill), 9(2)(f)(iv) [REDACTED]
- 42 **noted** that how the Bill is drafted is subject to Parliamentary Counsel's discretion as to how best to express these policy decisions in legislation.

Jenny Vickers
Committee Secretary

Present:

Hon David Seymour
Hon Nicola Willis
Hon Simeon Brown
Hon Erica Stanford
Hon Louise Upston (Chair)
Hon Dr Shane Reti
Hon Mark Mitchell
Hon Tama Potaka
Hon Matt Doocey
Hon Nicole McKee
Hon Casey Costello
Hon Penny Simmonds
Hon Karen Chhour

Officials present from:

Office of the Prime Minister
Officials Committee for SOU
Office of the Minister of Education



Minute of Decision

Report of the Cabinet Social Outcomes Committee: Period Ended 27 June 2025

[illegible]

SOU-25-MIN-0078

**Transferring Regulatory Functions for
Private Schools, Hostels and Early
Childhood Services to the Education
Review Office**
Portfolio: Education

CONFIRMED

Proactively Released

Out of scope	[REDACTED]	[REDACTED]
	[REDACTED]	
	[REDACTED]	
	[REDACTED]	
	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	
	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	
	[REDACTED]	
	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	
	[REDACTED]	

Rachel Hayward
Secretary of the Cabinet

Proactively Released