



Report: Education system reform discussion

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| To: | Hon Erica Stanford, Minister of Education | | |
| Cc: | Choose an item. | | |
| Date: | 4/04/2025 | Deadline: | 7/04/2025 |
| Security Level: | Sensitive | Priority: | High |
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Why are we sending this to you?

- You are receiving this material ahead of our scheduled discussion with you on Monday 7 April and your joint Ministers meeting on Tuesday 8 April 2025.

What action do we need, by when?

- We are seeking your agreement to Annex 1 as the material for your 8 April meeting. Annex 2 is for noting and discussion.

Key facts, issues and questions

- You will be discussing your ambitions for reform of the education system to achieve improved educational outcomes for New Zealanders with senior ministers on 8 April 2025.
- As a first step towards making an ambitious change to New Zealand's education system, you have made a key decision to align policy and standard setting within the Ministry and to separate these functions from regulatory assurance functions.
- Following this decision, we wish to take a closer look at options for a reformed education system end-state. We have highlighted two key decisions in relation to occupational regulation:
 - If you want a separate Teacher Registration Agency (TRA);
 - If you have a TRA, what an appropriate entity form will be.
- 9(2)(f)(iv) [REDACTED]
- We note that the Education Review Office (ERO) could take on a substantial number of new functions, depending on decisions across Early Childhood Education, schooling and occupational regulation. We will need to consider the nature of these functions and how to support ERO to succeed 9(2)(g)(i) [REDACTED].

Alignment with Government priorities

1. This report delivers on your priorities for the education system and lifting educational outcomes.

Background

2. We recently provided you with draft material for a Cabinet Strategy Committee (STR) discussion on Education System Reform which was discussed at Agency on 1 April 2025 (METIS 1345216 refers).
3. We also recently sent you two briefings analysing schooling and occupational regulation functions across the Ministry, ERO and an occupational regulator (METIS 1344350 and 1342713 refer).
4. As the next STR meeting is not until May, you are now meeting with Joint Ministers to discuss your plans for education system reform on Tuesday 8 April 2025.
5. We are meeting with you on 7 April 2025 from 7.00 – 8.30pm. We suggest this meeting focuses on:
 - **Preparation for the senior ministers meeting** – see Annex 1 for updated slide pack.
 - **Deep dive into education system entity functions** – see Annex 2.

Education Reform discussion at a Joint Ministers meeting

6. Following our discussion with you on 1 April 2025, we have updated the draft material to support a strategic discussion on education system reform, which is now intended to be used to support discussion at a Joint Ministers meeting on 8 April 2025. Notable changes include:
 - moving the work underway relating to property and early childhood education from page two to page one;
 - simplifying the language on page two and making the types of changes you want to make more tangible and explicit;
 - making the case for change stand out more on page two; and
 - removing the strategic questions from page two.
7. As the strategic discussion about education system reform will no longer happen at STR meeting, we will work with your Office to ensure that commitments to report back to Cabinet on progress towards your education priorities [CAB-24-MIN-0131 refers] and the Māori Education Action Plan [CAB-24-MIN-0461.02 refers] are met.

Deep dive with officials on system reform with decisions about occupational regulation

8. As a first step towards making an ambitious change to New Zealand's education system, you have made a key decision to align policy and standard setting within the Ministry of Education and to separate these functions from regulatory assurance functions.
9. This is a significant shift for occupational regulation as it means shifting responsibility for setting Teaching Standards, Code of Conduct and Initial Teacher Education (ITE) Programme Standards to the Ministry away from the current profession-led regulatory body – the Teaching Council.

10. 9(2)(f)(iv)
 [REDACTED]

11. This leaves a key category of occupational regulation assurance functions that we need to determine where they best sit in the system, and we would like to discuss this with you at the deep dive:

- ITE assurance (including ITE Programme Approval and ongoing ITE quality assurance); and
- Other assurance (including registration/certification and conduct and competence, including coordination of police vetting).

12. There are two key options in relation to these functions:

- ERO takes ITE assurance and a Teacher Registration Agency takes other assurance functions; or
- ERO takes all assurance functions.

13. If you decide to establish a TRA, then we have assessed options on what an appropriate form would be from the status quo (independent statutory entity), Crown agent, an autonomous Crown entity and a departmental agency (which could be hosted in either the Ministry or ERO).

14. We have developed criteria to inform entity-form assessments as follows:

- **Appropriate level of independence from Government:** The entity should enable arms-length decision-making on specified functions in ECE and occupational regulation (e.g. licensing, commercial and quasi-judicial activities).
- **Clear lines of accountability to Ministers relating to performance:** The entity should have clear lines of accountability to Ministers relating to performance of functions and public transparency (e.g., where there is a need for high public trust and/or significant risk of harm).
- **Alignment with education priorities:** The Minister should be able to ensure the entity is supporting its priorities and strategies for education.
- **Ongoing effectiveness and efficiency:** The entity should enable the best use of available resources to achieve its objectives in a least cost-effective way, with appropriate ongoing administrative complexity.
- **Establishment and transition impact:** The time and resource requirements to establish the entity model are commensurate with the benefit it brings, including smooth transition for in-train policies and procedures and effective capability and knowledge transfer.
- **Flexibility:** There should be flexibility to adapt scope and functions over time to ensure that desired regulatory outcomes continue to be met.

Number of agencies operating in the system and the role of a TRA

15. ITE assurance functions align with ERO's current role and responsibilities. While they will need to build capability in the tertiary sector, we consider this is an appropriate fit for these functions.

16. However, we would recommend establishing a separate TRA to undertake the remaining assurance functions. Conduct and competence are fundamental to teacher regulation and carry a high degree of risk for child safety and outcomes. We consider these functions would perform more effectively in an entity with a narrower focus and specialist skills. This

aligns with the English approach where we understand teacher registration will soon move out of their TRA¹ into the Department for Education, and its sole focus will be on teacher conduct. Alongside registration and certification, these functions make-up the bulk of the Teaching Council's current activity.

17. The main trade-off to a TRA is cost and the total number of entities you want operating in your end-state. The Teaching Council is soon to be majority government-funded through teacher registration fees and levies and will move to a majority ministerially appointed board. Therefore, operating a TRA will not increase the overall number of entities in the system. However, running a separate entity will not be as administratively efficient as merging functions into another existing entity such as ERO.
18. We do note that, as teacher conduct and competence are the costliest elements of the Teaching Council's operations (alongside registration and certification), even within ERO these functions will still need to be adequately resourced to minimise any risk on system performance. We also note that ERO will be taking on a number of new functions and this could further amplify the delivery risk associated with conduct and competence functions, which are not aligned with their current role and expertise.

Entity model if you choose to have a TRA

19. If you have a TRA, there are trade-offs driving the decision between a Departmental Agency vs Crown agent model. A Crown agent balances oversight and accountability with independence. It will likely be more supported by the sector given this degree of independence, and it has a board, which allows you to bring in sector skills expertise.
20. Generally, departments and departmental agencies are more flexible as additional functions can be added without needing to amend legislation but while this can be a strength, it can also be a weakness through a lack of focus. Crown agents can have a more direct focus specified through legislation. Departments can also have more detail specified in legislation i.e. specified powers of the Chief Review Officer. We note that the functions of the TRA are unlikely to shift substantially overtime and would best suit a tightly specified focus.
21. However, a Crown agent will involve greater ongoing administrative cost, assuming a Departmental Agency can utilise existing departmental resources.
22. In either a Crown agent or a departmental agency model it will be important to build in statutory independence of specified functions from the Minister (i.e. individual teacher conduct and competence). An example of this is the statutory independence of the TEC in allocating tertiary education funding.

Financial Implications

23. More detailed advice will be provided in subsequent briefs on anticipated costs and budget implications based on the chosen entity model(s).

Next Steps

24. The purpose of this discussion is to share our early analysis with you and discuss what we consider to be the most likely possibilities based on our assessment of different options.

¹ The Teacher Registration Agency is an Executive Agency within the Department for Education with some independence from the Secretary of State (the SoS can only investigate a referral of serious misconduct).

25. Following our meeting with you and your subsequent meeting with senior ministers, we will prepare advice for you with full detailed analysis and seek your decision on a final model. We will also be providing briefings on detailed schooling functions that are proposed to move to ERO.
26. We will be seeking Public Service Commission (PSC) advice on any proposed options and reflecting this in our advice. It will be important for PSC to consider the trade-offs mentioned above, and the impact on ERO and their readiness given the significant number of new functions they could receive.

Annexes

The following are annexed to this paper:

Annex 1: Draft Joint Ministers paper Education System Reform
Annex 2: Deep dive material

Recommended Actions

The Ministry of Education recommends you:

a. **agree** to use the slide pack at Annex 1 at your meeting with Senior Ministers, subject to any final drafting changes discussed.

Agree / Disagree

b. **note** the possible end-state options for entity functions outlined at Annex 2.

Noted

c. **note** that ERO could take on a significant number of new functions.

Noted

d. **note** further advice on entity form and functions will need to take into account Public Service Commission advice on capability and capacity.

Noted

Proactive Release:

e. **agree** that the Ministry of Education release this paper once Government has made final decisions on education system reform, with any information needing to be withheld done so in line with the provisions of the Official Information Act 1982.

Agree / Disagree

Rachel Voller

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Te Pou Kaupapahere

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Hon Erica Stanford

Minister of Education

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