

Report: Workforce regulation – Transition and financial impacts

To:	Hon Erica Stanford, Minister of Education		
Date:	16/05/2025	Deadline:	20/05/2025
Security Level:	Sensitive	Priority:	High
From:	Paul Aitken Senior Policy Manager	Phone:	9(2)(a)
Drafter:	Ruth Cameron	METIS No:	1347918

Why are we sending this to you?

- You have a vision to reform the education system so that it has a relentless focus on student achievement, this means leaving nothing to chance, including how the workforce is regulated. As part of the work to achieve this vision, you have made decisions to transfer responsibility for standard setting from the Teaching Council to the Ministry of Education (MoE) and to transfer teacher education approval and monitoring to the Education Review Office (ERO).
- This paper confirms transfer timelines, provides an early indication of ERO's proposed operating model and outlines indicative costs and cost recovery options.

What action do we need, by when?

- We are seeking your agreement to the proposed timeline and noting of the operational model and early indicative costings to inform drafting of the Cabinet paper that will form part of your Education and Training (System Reform 9(2)(f) Amendment Bill (EREB)).
- Please return the signed paper by 20 May to enable progression of the draft Cabinet paper.

Key facts, issues and questions

- MOE is proposing to take on standard setting functions upon commencement of the bill. ERO is proposing to legislatively take on approvals, quality assurance and enforcement from 1 July 2026, with the operational implementation of the quality assurance and enforcement function to commence mid-November 2026 ahead of the 2027 academic year.
- All costs are indicative to give Cabinet a sense of scale. We will work with the Teaching Council following policy approval to provide a more accurate cost estimate for Budget 2026.
- There are likely to be transitional costs 9(2)(f)(iv) ongoing costs 9(2)(f)(iv) to MoE and ERO, transition costs for the Teaching Council, possible offsets from Teaching Council savings 9(2)(f)(iv) and cost recovery from Initial Teacher Education (ITE) providers 9(2)(f)(iv)

Alignment with Government priorities

1. This report aligns with your education system Priority 4: Improved teacher training: Developing the workforce of the future, including leadership development pathways.

Background

2. You have previously agreed to transfer all standard setting functions from the Teaching Council to the Ministry of Education (METIS 1246036 refers), with our advice indicating this will take effect immediately from the commencement of ERB [redacted] (expected April 2026).
3. You have also agreed to transfer approval, monitoring and review of teacher education programmes from the Teaching Council to ERO, and agreed the expanded functions, powers and duties of ERO to give effect to this new role (METIS 1346268 refers).
4. We previously noted that ERO would provide you with advice on the timing of the transfer of its functions and that transition arrangements would need to be applied to ensure the continuity of the teacher education sector. This brief sets out the planned timing.
5. We also previously indicated that there will be fiscal implications of your workforce regulatory reform package, which will most likely require a Budget bid in 2026.
6. Key recent briefs and their status are reflected in the table below.

What	When
Occupation regulation of teachers – Initial discussion	Completed
Occupational regulation of teachers – Case for reform and functional analysis	Completed
Occupational regulation of teachers – Advice on functions and role of the Teaching Council	Completed
Workforce regulation - Quality assurance of teacher education	Completed
Workforce regulation – Teaching Council Governance	Completed
Workforce regulation – Standards review framework	Waiting decisions
Workforce regulation – Transition and financial impacts	Now
<i>Draft Cabinet paper - Policy decisions for legislative amendment</i>	21 May

Transition – timeframes and continuity

MoE will take on standard setting functions from the commencement of the Bill

7. As previously indicated, we propose that MoE takes on its standard setting functions upon commencement of the Bill, expected to be in April 2026.
8. To ensure there is no adverse impact on current or future teachers, all current standards and criteria set by the Teaching Council will remain in effect until such time that they are amended by MOE.
9. We understand from your previous comments that you wish to move with no delay on standard setting. While we will not be able to officially take on the standard setting function

until the legislation passes, there is preparation work that we can be doing before then, noting we will not have budget, or sector support (i.e. to begin early consultation), though we could commence planning, targeted engagement with some stakeholders and identifying international standards that could be used.

10. As a first step, we would like to discuss with you your intentions for the different standards/criteria, which will help to inform planning for the operational policy transition post policy approval.
11. We anticipate the standards for teacher education programmes to be a first priority, with a rapid consultation process to inform new standards that will be in place by the end of 2026. Assuming you are comfortable with where the Council's current review of the Teaching Standards lands, we anticipate all other standards and criteria to not need full-scale review or major amendments within the short-term (and could fall into any regular review cycle you opt for (METIS 1346489 refers).

question ↗
ERO propose to take on approval, quality assurance and enforcement functions from 1 July 2026 but delay operational implementation of some functions

12. ERO will take over the Teaching Council's ITE programme approval function and will put in place robust quality assurance procedures to ensure programmes are set up to meet, and continue to meet, quality standards.

Operating model

13. ERO has looked at how other jurisdictions carry out this function to develop an early operating model. ERO's operating model will have four components:
 - 1) Approving ITE programmes that meet the standards
 - 2) Quality assuring ITE programmes (monitoring and review)
 - 3) Managing complaints about the quality of ITE programmes
 - 4) Placing conditions or withdrawing approval for programmes that do not meet the standards.
14. As per your previous agreement, the scope of ERO's functions will be in line with the current scope of the Teaching Council's role, which is limited to qualifications that lead to registration as a teacher. There are currently 98 approved programmes across 26 providers both in early childhood education and in schools.
15. We note that there are home-based care qualifications taught by a range of providers that are requirements to be employed by a home-based early learning provider, as well as a range of programmes catered towards teacher aides or learning support provision roles. We note that these programmes are not in scope as they do not lead to registration as a teacher. They would not be able to be measured against the programme standards, nor would they be able to be defined in scope.
16. Details of ERO's proposed operating model across approvals, quality assurance, complaints and enforcement functional areas is outlined at Annex 1.

Transition and Implementation timelines

17. ERO's report on new teachers¹ identified the urgent need to raise the quality and consistency of ITE. ERO has developed a timeline that enables the fastest possible implementation whilst also preventing any disruption that damages the availability of ITE provision.

¹ Education Review Office, Ready, Set, Teach: How Prepared are our New Teachers? (April 2024): [Ready, set, teach: How prepared and supported are new teachers? \(ero.govt.nz\)](http://Ready.set.teach: How prepared and supported are new teachers? (ero.govt.nz))

18. As legislation is expected to be in place by April 2026, the proposed implementation timeline supports legislative and operational ease of transition from the Teaching Council to ERO, while also supporting continuity for providers.
19. ERO proposes to commence approvals, quality assurance and enforcement functions from 1 July 2026, but to delay operational commencement of the quality assurance and enforcement function until mid-November 2026, unless significant issues arise that require consideration. Key reasons are outlined below.
 - 19.1. Approvals** – Legislation to take effect from the beginning of the financial year and commence operation immediately. This allows ERO to undertake approval of any new/changed courses in line with existing processes run by the Committee on University Academic Programmes (CUAP) (who currently meet in July and October to consider applications)^{2,3} and for ERO to have the new function up and running before any new standards are introduced by MoE (as noted above, expected by the end of 2026). It supports a clean transition process from the Council.
 - 19.2. Quality assurance and enforcement** – Legislation to take effect from the beginning of the financial year but operationally ERO will not commence this function until mid-November 2026. This will ensure monitoring and enforcement is operational for the beginning of the 2027 academic year and prevents any disruption during the academic year to existing providers who would otherwise need to adapt to a new monitoring process mid-academic year. It also gives ERO time to build this function in-line with the new standards. We note that it means no monitoring will occur for around 6 months. However, given this is a very light-touch function performed by the Council currently, we consider this to be preferable to the Council continuing to undertake the function while ERO undertakes approvals. ERO has proposed that if any significant issues arise during this period, they can be directed to undertake monitoring by the Minister.

Financial Implications of the workforce reform package

We are providing an early estimate of cost to give Cabinet a sense of scale

20. Strengthening quality teaching is critical for the achievement of the government's education priorities. Overtime investment in quality teaching provides returns from a more educated workforce. However, raising the quality of teaching requires investment.
21. To achieve this change as part of ERB [redacted], Cabinet will be asked to agree to the policy proposal without funding yet being secured as part of the Budget process. We anticipate Treasury and your colleagues will raise concerns about this. To help mitigate these concerns, we will include an indication of cost in the Cabinet paper to give a sense of scale and, subject to your desired approach, seek an in-principle agreement which can be confirmed at Budget 2026.
22. We have not talked to the Council about this proposal and therefore we do not have detailed costing information. Following policy approval, we will undertake more detailed work with the Council, which will help inform the potential future budget proposal. We recognise the current fiscal environment and both ERO and MoE are looking at operating models that enable robust delivery at lowest cost.

² Dual approval is required for ITE programmes. The CUAP and the New Zealand Qualifications Authority (NZQA), for non-university providers, use approval criteria to accredit the academic aspects of all qualifications at the university level in New Zealand, whereas the Teaching Council's mandate is to approve ITE programmes specifically for the purpose of teacher registration (professional suitability).

³ [Programme approval and accreditation / CUAP | Universities New Zealand - Te Pōkai Tara](#)

Overview of costs

23. The costs of raising the quality of teaching are driven by:

- Costs for MoE to perform the standard setting function that is transferring from the Teaching Council.
- Costs for ERO taking on the assurance function (approvals, monitor and review and enforcement). This is a function that transfers from the Teaching Council but has also been strengthened to address the concerns about current quality of ITE.
- Transition costs for the set-up of the new functions in MoE and ERO.

24. These costs could be met through:

- Transfer of funding from the Teaching Council (fees and levies contributions).
- Cost recovery from ITE programme providers — new?
- Additional government investment in Budget 2026.

MoE will face ongoing costs 9(2)(f)(iv)

25. From Teaching Council estimates, we know that the current cost of the standard setting functions, as funded by fees and levies directly, 9(2)(f)(iv). This reflects the base level of capacity required to undertake continuous engagement with the sector to ensure the standards are understood and applied to the highest quality, as well as to keep abreast of issues and developing evidence to plan for reviews and changes to standards. While there could be efficiencies in the operation of this function once in the MOE, we estimate this to be the upper cost and will further explore it with the Council.

26. The Council also allocates 9(2)(f)(iv) to its role in providing direction for teachers, enhancing the status of teachers and identifying, disseminating best practice in teaching and fostering continuing development. These are functions that you have agreed to no longer sit with the Council, not because we don't want them achieved, but because we don't require it from the Council specifically, and we are tightening their regulatory role. We have assumed MoE will need to pick up some of these functions as part of standard setting but have not directly allocated any funding (due to the likelihood of efficiencies).

ERO will face ongoing costs 9(2)(f)(iv)

27. ERO estimates that on-going costs of running the approval, quality assurance and enforcement functions will cost 9(2)(f)(iv) per annum. This will fund a small but dedicated team for ITE regulation and the necessary systems for robust regulation. These costs are based on the estimated number of staff the Teaching Council currently dedicate to this function, plus additional costs to perform a strengthened quality assurance function.

ERO, MoE and the Council will require one-off transition costs

28. We estimate that MoE will face around 9(2)(f) for one-off transition costs e.g. change management, new-staff set-up, website changes, information releases etc. We have not built in any additional cost for other back-end functions such as IT platforms as we are assuming existing MoE systems will be utilised.

29. ERO has more significant transitional costs as it will need to develop and put in place a new structure, operating model and supporting systems. We estimate these to be around 9(2)(f)

(i) We anticipate the Teaching Council will have some transition costs, most of these associated with redundancy costs. The Council's website indicates there are around 100 staff, but we do not know yet the likely number who could be made redundant through this process to provide a cost estimate at this time.

9(2)(g)(i)

31. Budget 2026 commits \$53.3 million over three years (from 2025/26 to 2027/28) to fund the cost of the Council's operating costs from fees and levies paid by teachers⁴. Three years covers the time period ahead of the next scheduled fee review.
32. 9(2)(g)(i)
33. 9(2)(g)(i)

There could be offsets from fees and levies charged to ITE providers

34. The costs of approval and quality assurance of programmes can be partially cost recovered through charging fees or imposing a levy on providers for applying for new qualifications, or any significant variation of programmes. Exact costs of the Council's approvals process need to be established, but the Council recently consulted on increasing their fees for the panel element of programme approval from ~\$4,000 to ~\$9,500. 9(2)(f)(iv)
35. The exact amount of the application fee will be determined once the operating model has fully developed and costed, including a reasonable fee for re-approvals, noting these will be driven largely by significant changes to the programme standards set by MOE.
36. 9(2)(f)(iv)
37. The costs associated with enforcement (e.g. withdrawal of programme approval) would need to be met by government, though a fee could be charged for any appeals process.

New funding required

38. The following table summarises the upper estimated costs and possible offsets to identify the scale of new funding likely to be required through a future Budget bid. It assumes preferred implementation timelines.

⁴ Excluding overseas-trained teachers, late fees and fees paid to the discretionary pathway panel. Does not cover revenue from other sources such as cost recovery from teacher education programme approval/monitoring, legal costs awarded or interest. It also does not cover MoE funding for system licences, which we anticipate will need to continue based on the functions retained by the Council.

⁵ Teaching Council (August 2024): [Consultation on proposed new Teaching Council fees for programme monitoring, review, audit, and special review services to Initial Teacher Education providers](#)

9(2)(f)(iv)

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Risks

Implementation risk

39. 9(2)(f)(iv)

~~The Council took two years to undertake the last major review of standards (from 2017-2019). We expect to mitigate this risk by commencing planning for the process early, ahead of taking on the function, including working with you to determine the extent of change desired, and drawing on work undertaken by other jurisdictions. We also expect this will flow from the recent changes to the Teaching Standards, which will provide a solid starting point for any review.~~

40.

9(2)(f)
(iv)

However, we consider any risk associated with this delay to be minimal given the likelihood of any approvals during this period is very low.

41. As noted above, while there will be no quality assurance or enforcement undertaken for a period of around six months, we also consider this is not a significant risk as the function is currently light-touch. Any risk is further mitigated as, if any significant issues arise, the Minister can direct ERO to look at these and the legislative powers and functions will exist to enable them to do so. The critical approval function will still be performed by ERO.

42. There may also be some concerns from the ITE sector about ERO taking on this function, particularly if it leads to increased costs for the sector. ERO will need to work with the sector in order to build trust. The lead in time for the quality assurance function will also allow ERO to work with the sector on what robust quality assurance will entail. In 2026 ERO will also take on new functions for regulating ECE services. ERO will put in place strong change management processes to enable the two changes to its functions (ECE and ITE) to be implemented in parallel.

Fiscal risk

43. 9(2)(g)(i) [REDACTED]

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44. 9(2)(g)(i) [REDACTED]

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45. 9(2)(g)(i) [REDACTED]

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Next Steps

46. We are providing a draft Cabinet paper to you by 21 May which at this stage will cover your workforce regulatory reform package, as well as other potential ERB [REDACTED] reforms. In order to meet legislative drafting timelines for ERB [REDACTED], this paper must be considered by SOU on 25 June.

47. The paper is currently being drafted based on the proposals in this paper, but will be updated once we receive your feedback and decisions. This is the last decision paper required in order to complete drafting.

Annexes

The following are annexed to this paper:

Annex 1: 9(2)(g)(i) [REDACTED]

Recommended Actions

The Ministry of Education (MOE) and Education Review Office (ERO) recommends you:

a. note that you have previously agreed to transfer all standard setting functions from the Teaching Council to the MOE and teacher education programme approval, monitoring and review to ERO, with increased powers and duties to perform these functions effectively.

Noted

b. agree that MOE will take on standard setting upon commencement of the Bill, with all current standards and criteria to remain active until such time that the MOE updates them.

Agree / Disagree

c. agree the first set of standards the Ministry will review and update will be the standards for qualifications that lead to teacher registration, with preparation work for this commencing

Discuss @ agency pls

This bo

ahead of the Bill passing to enable a revised set of standards to be in place by the end of 2026.

discuss

Agree / Disagree

- d. **note** you have previously agreed ERO will undertake approval for qualifications that lead to registration as a teacher.
- e. **agree** that the scope of ERO's regulatory oversight will exclude regulation of other education programmes such as those for home-based carers or teacher-aides.
9(2)(g)(i)
- f. **note** ERO's proposed high-level operating model as outlined in this brief, which has informed indicative costings and proposed timelines for implementation.
- g. **agree** ERO will commence legislative responsibility for approval, quality assurance and enforcement of teacher education programmes 9(2)(f)(iv), with appropriate functions and powers reflected in the legislation.
- h. **agree** that ERO will operationally commence the quality assurance and enforcement functions 9(2)(f)(iv), which means that no monitoring activities will occur during the interim period, unless significant issues arise that the Minister directs ERO to respond to.
- i. **note** indicative cost estimates are based on current known Teaching Council costs (for the standard setting functions) and early operating model assumptions by ERO for the teacher education regulatory functions, which will need to be tested with the Council following policy approval.
- j. **note** there will be transition costs 9(2)(f)(iv) and ongoing costs 9(2)(f)(iv) to the Ministry and ERO, potential transition costs to the Council (undetermined), possible savings from the Teaching Council 9(2)(f)(iv) and possible cost recovery from providers 9(2)(f) .
- k. **agree** to provide a high-level indication of potential costs and savings in the draft Cabinet paper seeking policy proposals on the workforce reform package, with an in-principle agreement recommendation to return through Budget 2026.

Noted

Agree / Disagree

Noted

Agree / Disagree

Agree / Disagree

Noted

Agree / Disagree

Proactive Release:

I. agree that the MOE release this paper following Cabinet approval of ERE [redacted] proposals, with any information needing to be withheld done so in line with the provisions of the Official Information Act 1982.

Agree Disagree

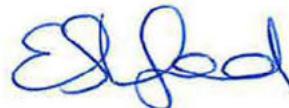


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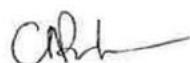
19/05/2025



Hon Erica Stanford

Minister of Education

25/5/25



Carolyn Palmer

Deputy Chief Executive, Performance and Implementation

Education Review Office

19/05/2025

9(2)(g)(i)

Proactively Released

9(2)(g)(i)

⁶ Education Review Office, Ready, Set, Teach: How Prepared are our New Teachers? (April 2024): [Ready, set, teach: How prepared and supported are new teachers? \(ero.govt.nz\)](http://ero.govt.nz)