

Cabinet Paper material Proactive release

Minister & portfolio Hon Erica Stanford Minister of Education
Hon Chris Bishop Minister for Infrastructure
Name of package New Model for Managing the School Property Portfolio
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New Model for Managing the School Property Portfolio

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Author: Office of the Minister of Education, Office of the Minister for Infrastructure

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Material redacted

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Budget Sensitive

Office of the Minister for Infrastructure

Office of the Minister of Education

Cabinet Social Outcomes Committee

New Model for Managing the School Property Portfolio

Proposal

- 1 This paper seeks Cabinet agreement for policy decisions needed to establish a new model for managing the school property portfolio. This includes establishing a new Crown agent (the New Zealand School Property Agency or NZSPA) and seeks approval to issue legislative drafting instructions for this proposal.
- 2 This proposal will be progressed through the Education and Training (System Reform 9(2)(f) Amendment Bill (the Bill) 9(2)(f)(iv) (i.i))

Relation to government priorities

- 3 This proposal is the next phase in the Government response to the findings of the Ministerial Inquiry into School Property (the Inquiry). The Government's focus in education is to lift student achievement and improve attendance, and its infrastructure priorities are to make better use of our existing assets, and ensure new investments provide value for money. Education priorities will be supported by focussing the Ministry of Education (the Ministry) on achievement and attendance and creating focussed and dedicated leadership of the \$30 billion dollar school property portfolio through NZSPA.

Executive Summary

- 4 We are seeking agreement to establish a Crown agent to maintain and build the school property portfolio. The school property portfolio is the second largest social property portfolio in New Zealand. Valued at over \$30 billion, it represents a significant Crown asset. The Crown agent model provides the necessary focussed governance and leadership, with commercial acumen to appropriately manage the Crown's investment for the medium-term and at arm's length from Ministers.
- 5 This leadership will bring commercially relevant expertise to optimise delivery of school property solutions. This will include testing more innovative approaches, achieving greater efficiency at scale, improving transparency and communication with schools, and working through the unfunded pipeline of projects. By separating the management of school property from the Ministry, the Ministry leadership can focus on delivering essential educational achievement and attendance outcomes for students. The new model is expected to deliver better property solutions more quickly and effectively, with strong commercial and governance settings to ensure on-time and on-budget result in strong value-for-money as a result of tax-payer investment in the school property portfolio.

- 6 In June 2024 the Inquiry found the current system for delivering school property was not fit for purpose and recommended that the management of school property should be moved to a new entity, separate from the Ministry.¹ We have made significant improvements since then, including the establishment of a Functional Chief Executive (FCE) to oversee the management of school property. However, the FCE model was only intended to be a stepping-stone in the government response to the Inquiry, and it is the view of the Minister of Education and the Secretary for Education that it lacks clear accountability as it is still within the Ministry and operates under delegation from the Secretary. The problems with the current model cannot be resolved without more substantive changes.
- 7 The next phase of work means taking decisions on an enduring model for managing the school property portfolio. Decisions include determining the set of functions needed to best deliver school property and the optimal form for delivering these functions. The proposed structural changes will enable sustained improvements over time. We have sought and accepted advice from our Ministerial Advisory Group on this proposal.
- 8 We propose the NZSPA will be established through the Bill. Subject to Cabinet approvals, the Bill is intended to be introduced in November 2025. We anticipate the NZSPA will be established in this Parliamentary term.

Background

- 9 Valued at over \$30 billion, school property is the second largest infrastructure portfolio in the social sector and the third largest across the Crown.
- 10 In April 2024, the Minister of Education established a Ministerial Inquiry into the Ministry school property function [CAB-24-MIN-0039]. In June 2024, the Inquiry confirmed that the systems and processes of the portfolio need overhauling to give the right level of focus and accountability, improve arm's length decision making, and to provide transparency for schools and communities.²
- 11 In September 2024, Cabinet agreed to the Government response to the findings of the Inquiry, and we were invited to report back on options for the functions and form of an operational delivery arrangement for school property [CAB-24-MIN-0380]. Cabinet agreed to a phased approach to address the Inquiry's findings and recommendations, moving to a more efficient and sustainable operating model for school property. So far this has included:
 - 11.1 The Minister of Education continuing to drive immediate improvements. There has been a 28 percent reduction in the average cost of each classroom from \$1.2m to \$0.87m, with further reductions expected as costly legacy projects are completed. In the most recent quarter, when legacy projects are removed, the average cost to provide classrooms was less than \$0.63m³.

¹ Report of the Ministerial Inquiry into School Property (June 2024) [Microsoft Word - Report of the Ministerial Inquiry into School Property - Final draft.docx](#)

² Report of the Ministerial Inquiry into School Property (June 2024) [Microsoft Word - Report of the Ministerial Inquiry into School Property - Final draft.docx](#)

³ Includes a mix of off-site manufactured builds, relocatables and refurbishments of existing buildings.

- 11.2 Appointing the Functional Chief Executive – School Property as a two-year position from January 2025. This leader is directly accountable to the Minister of Education to create leadership of school property at the appropriate level and drive the improvement work programme. Through this, compliance with government asset management expectations in the Cabinet circular ‘Investment Management and Asset Performance in Departments and other Entities’ (CO (23) 9) is expected from Budget 2026.
- 11.3 Establishing a Ministerial Advisory Group on School Property in April 2025 to provide specialist independent advice on the design of a transition to a new model or entity for the delivery of school property, and in particular, to support Ministerial oversight of that transition phase [SOU-24-MIN-0173].
- 12 While improvements have been made since the Government response to the Inquiry was agreed, there are still problems and limitations with the current model. Changes through the FCE were not expected to make accountability lines clearer, because the FCE operates within the Ministry of Education under delegation from the Secretary for Education and draws on staff from several parts of the Ministry. The FCE is expected to and is working to improve leadership of staff, but does not have the oversight of a decision-making commercial board.

Proposal for a new Crown agent for school property

- 13 We propose to establish the NZSPA as a Crown agent that will plan and deliver maintenance for school property and deliver new schools and classrooms. The NZSPA will have a capable Board focussed on efficient delivery and meeting good practice expectations for investment and asset management. Its focus and explicit accountability will enable the NZSPA to take calculated risks and make informed investment decisions across the portfolio. Commercial acumen from the Board and leadership of NZSPA will make efficiencies and improve delivery times, to reduce the unfunded pipeline of projects and improve service for schools, while appropriately managing the Crown’s investment for the medium-term. The NZSPA will still have access to support from Crown Infrastructure Delivery for capacity and for expert capability. Explicit accountability will lead to more transparent decision making that will improve consistency and delivery outcomes.
- 14 The separate property model will enable the Ministry to focus its involvement in school property on policy, investment intentions and education network decisions. Ministry leadership will focus on delivering on the Government’s educational outcomes. The Ministry will also monitor the Agency on behalf of the responsible Minister(s), with support from the department of any other responsible Minister. The criteria we used to assess options for a new model for managing the school property portfolio, including function and form, are set out in Appendix 1.
- 15 We sought advice from our Ministerial Advisory Group on the new model and costs. It supported the Crown agent proposal on the basis that a Crown agent provides a balance of flexibility, transparency and Ministerial direction, while creating leadership and Board oversight that supports commercial discipline.

Functions that sit with the new entity for managing school property

- 16 To address the Inquiry’s findings, the NZSPA would have functions related to building and maintaining the portfolio, including administering education land on behalf of the Crown. At this stage, ownership will remain with the Crown. However, we will seek further advice on land ownership and balance sheet implications as part of the implementation phase. Ownership transfer requires detailed consideration given the critical role education land plays in the settlement of Treaty of Waitangi claims.
- 17 From a building perspective, the NZSPA would be responsible for delivering growth requirements set by the Ministry. The Ministry would be responsible for determining where the build should go (e.g. to a new school, or a specific type of school, or an expanded school, or a school in a specific location) and the scale of the build (e.g. how many classrooms).
- 18 From a maintenance perspective, the NZSPA would have autonomy to plan and deliver maintenance, including setting the details of levels of service. This would allow the entity to scale or phase investments in a way that supports value for money decision-making and procurement and take market capacity into account.
- 19 Separating responsibility for these functions into an entity distinct from the Ministry will also create better conditions for improved performance (including by the Ministry). The Ministry will retain responsibility for investment intentions and the core functions of a department (e.g. policy advice, Vote administration). Appendix 2 has examples of how the proposed split of functions will operate.
- 20 This framework best supports a school property model with clear accountabilities and transparent decision making for individual school projects. At this stage, the role of school boards in the management of school property and infrastructure will remain the same and their existing property decisions will not shift.
- 21 It also provides a strong basis for establishing an operating model that is more enduring than the status quo and provides a foundation for possible further shifts in functions in the future. 9(2)(f)(iv)

21.1 School-led maintenance – The Minister of Education has directed officials and the Ministerial Advisory Group on School Property to provide advice on ways to improve boards’ flexibility, responsibility, and incentives to meet their community’s needs [SOU-24-MIN-0120].

21.2 9(2)(f)(iv)

Form of the new entity for managing school property

- 22 We propose to establish the NZSPA as a Crown agent for school property. A Crown agent provides the right balance of flexibility, transparency and Ministerial control, while creating leadership and Board oversight that supports commercial discipline.

- 23 A Crown agent is suited to sectors and outcomes that have policy and commercial goals, like the education infrastructure sector. A new property entity would need to be able to balance ensuring more effective and efficient delivery of school property while supporting education outcomes (e.g. in small, rural or remote areas). At times, these objectives could conflict. An entity that supports mixed objectives would be better placed to manage these potential conflicts as it can have broad objectives but with powers and functions specified in legislation.
- 24 A Crown agent must give effect to Government policy if directed by the responsible Ministers. Crown agents are governed by a board that is selected and accountable to the responsible Ministers. A board allows the entity and portfolio to be steered with the right skills and experience. It also allows for appropriate Ministerial involvement over a \$30 billion portfolio, with scope to set direction, and sufficient separation of Ministers from decisions affecting individual schools or matters.
- 25 We propose that the Minister responsible for the NZSPA is the Minister responsible for the Education and Training Act 2020 but with the Prime Minister being able to appoint the Minister for Infrastructure (or any other Minister) as an additional responsible Minister. This is because the Minister of Education will deliver on education priorities, and is responsible for Vote Education which funds the delivery of these priorities and a significant share of Crown property. If there is an additional responsible minister, the precise split of responsibilities will need to be established during the detailed design of legislation. For example, it would be appropriate to report only to the Minister of Education in relation to schooling network decisions, but jointly in respect of its asset management performance.
- 26 As schooling is compulsory and a core public function, the new entity should have an organisation form that must “give effect” to government policy. This ruled out an autonomous or independent crown entity form. A Schedule 4A company established under the Public Finance Act 1989 was not, on balance, as well suited to the functions proposed for NZSPA, to weighing mixed commercial and policy objectives, or to future-proofing for potential change in functions as the model matures. A Departmental agency approach would have flexibility to adjust scope and relative ease of establishment but is closer to both Ministers and the Ministry, so this form would not sufficiently address the issues identified by the Inquiry.

Features of the Crown agent

- 27 We seek approval for the following features of the new Crown agent, NZSPA. Details of these features are in Appendix 3.
- 27.1 The establishment of the NZSPA as a new Crown agent
- 27.2 The establishment of a Board and the board’s skills and experience.
- 27.3 NZSPA’s objectives, functions and powers.
- 27.4 Other features on responsible Ministers, delegation of powers, functions and duties, and additional steering instruments, including a government policy statement.

- 28 Detailed decisions within and beyond these features will need to be made to support legislative drafting, including transitional provisions. We seek Cabinet authorisation for us both to make these technical decisions without further reference to Cabinet, subject to those decisions being consistent with the policy decisions in this paper.

Implementation

- 29 The establishment of NZSPA no earlier than 1 July 2026 is dependent on the enactment of the Education and Training (System Reform ^{9(2)(f)} Amendment Bill and budget decisions.
- 30 This is a significant change, and it will be crucial that the NZSPA and the Ministry are structured appropriately and have the staff capability to enable the new model to succeed. This is not just a ‘lift and shift’ of existing property functions: it provides for focussed and dedicated leadership and greater accountability for school property, and both agencies require additional functions to deliver the new model. Once NZSPA is established with a new Board, school property staff will need to transfer from the Ministry to NZSPA along with systems, guidance, corporate assets, liabilities and contracts. Officials will undertake further work on a business case for implementation on the detail of the proposed changes, including any implications for balance sheets and Crown land. ^{9(2)(f)(iv)}
- 31 The Ministry would continue to be the principal adviser to the Minister on education policy, Vote administration and infrastructure investments. This proposal will have implications for the current structure and capability of the Ministry. The Ministry would require functions to manage agreements with and monitor the NZSPA which will be crucial in accountability and to the success of the new model.

Cost-of-living Implications

- 32 There are no direct implications for the cost of living.

Financial Implications

- 33 ^{9(2)(f)(iv)}
- 34 These estimated costs cover the costs to establish the new model, including changes needed in the Ministry, to set up the NZSPA, and to manage the transition. We anticipate that the new model will deliver significant cost savings over time that will outweigh establishment costs. The additional costs for the Ministry are in monitoring the NZSPA to ensure that it delivers on the Government’s priorities, and in funding and contracting with the NZSPA.

- 35 ^{9(2)(f)(iv)}

35.1 9(2)(f)(iv) [Redacted]

35.2 9(2)(f)(iv) [Redacted]

36 9(2)(f)(iv) [Redacted]

37 We intend to deliver a business case for implementation that will provide detailed design and inform decisions on these costs during the setup and transition phase, 9(2)(f)(iv) [Redacted]

38 Budget 2025 has provided a tagged operating contingency funding of \$7.500 million for this detailed design work to prepare for the establishment of the NZSPA. We will seek a drawdown of this funding after Cabinet decisions on the proposals in this paper. We expect the business case may lower costs, however funding needs to be established now to support legislative timelines

Legislative Implications

39 Legislative changes are required to implement the proposed model which will be progressed through the Education and Training (System Reform 9(2)(f)(iv) Amendment Bill. This bill is intended for introduction in November 2025.

40 The NZSPA would be established under the Crown Entities Act 2004 (the CEA) with amendments to the Education and Training Act 2020 and consequential amendments to other legislation including the Ombudsmen Act 1975. The proposed legislation will bind the Crown.

Impact Analysis

Regulatory Impact Statement

- 41 The Ministry for Regulation has determined that the proposal is exempt from the requirement to provide a Regulatory Impact Statement on the grounds that while this proposal results in regulatory change, the change is to support machinery of government changes and not changes to regulating the sector.

Climate Implications of Policy Assessment

- 42 The Climate Implications of Policy Assessment team has been consulted and confirms that the requirements do not apply, as the threshold for significance is not met.

Population Implications

- 43 The proposals in this paper should have a positive impact on school students, staff and school communities. School property is a fundamental input to achieving educational outcomes for students, families and communities. The intention of the proposals in this paper are to put structural changes in place that will enable sustained improvement over time to the school property portfolio.

Treaty Implications

- 44 Education land is, and will remain, a significant part of the Crown's Treaty settlement process. In order to support current and future settlements, education land will remain available and the NZSPA will meet obligations for existing settlements. This is the driver for including "support Treaty of Waitangi settlements" as a specific function of the entity. We will ensure that future work on the NZSPA, including the implementation business case, addresses any questions from iwi and Māori with interests in education land around the changes.

Human Rights

- 45 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.

Use of external resources

- 46 Finance, legal and organisational design expertise were contracted from February to June 2025 to support initial entity functional design and costing. It is expected that external resources will be required to support development of the business case, detailed operating model and transition design.

Consultation

- 47 This paper has been prepared by the Ministry of Education and the Treasury. An earlier draft was shared with the Ministerial Advisory Group on School Property.

48 Ministerial and agency consultation was undertaken concurrently. A draft of this paper was shared with Te Kawa Mataaho Public Service Commission, Ministry for Regulation, Ministry of Business, Innovation and Employment, Ministry of Justice (Te Tari Whakatau), Te Puni Kōkiri, Land Information New Zealand, the Office of the Auditor-General, and Ombudsman New Zealand. Views received are reflected in this paper. The Department of Prime Minister and Cabinet (Policy Advisory Group) were informed on the paper.

Communications

49 We will announce the decisions and next steps after Cabinet decisions.

Proactive Release

50 We intend to proactively release this Cabinet paper subject to redactions as appropriate under the Official Information Act 1982.

Recommendations

The Minister for Infrastructure and the Minister of Education recommend that the Committee:

- 1 **note** that the Ministerial Inquiry into School Property confirmed that the systems and processes of the school property portfolio need overhauling and that we are taking a phased approach to address the Inquiry's findings and recommendations;
- 2 **note** that while improvements have been made since the Government response to the Inquiry was agreed, there are still problems and limitations with the current model;
- 3 **note** that in September 2024, Cabinet invited the Minister for Infrastructure and the Minister of Education to report back on options for the functions of an operational delivery arrangements for school property projects, planning and delivery as well as options for the form of a new model to implement the functions [CAB-24-MIN-0380];

New Crown entity for managing school property

- 4 **agree** to establish the New Zealand School Property Agency as a new Crown agent for school property for the purposes of the Crown Entities Act 2004;
- 5 **agree** that the New Zealand School Property Agency's role will be to manage school property and undertake building, maintenance and administration of the school property portfolio on behalf of the Crown;
- 6 **note** that the Ministry of Education will remain the principal adviser to the Minister on education policy, Vote administration, and infrastructure investments;

Objectives, functions and powers

- 7 **agree** that the Education and Training Act 2020 be amended to specify the objective, functions and powers, of the New Zealand School Property Agency;

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- 8 **agree** that the overarching objective of the New Zealand School Property Agency should be drafted consistent with the following statement:
- 8.1 To support the delivery of education outcomes through ensuring the efficient administration of education infrastructure in line with good practice for investment and asset management;
- 9 **agree** that the New Zealand School Property Agency's functions include undertaking planning, building, maintenance and administration of the education property portfolio including the following functions and responsibilities:
- 9.1 delivery of construction, acquisitions and disposals in line with the standards and priorities set by the Government;
- 9.2 maintaining the portfolio and monitoring its performance;
- 9.3 the provision of infrastructure planning and delivery advice to the Ministry and the responsible Ministers to support investment decision-making;
- 9.4 the administration of education land, land rights, improvements and contracts on behalf of the Crown excluding education land used for tertiary institutions;
- 9.5 maintaining relationships and providing advice to school boards about school infrastructure;
- 9.6 supporting Treaty of Waitangi settlements; and
- 9.7 undertaking any other function, power or duty conferred on it by the Education and Training Act 2020 or any other enactment;
- 10 **agree** that the Education and Training Act 2020 be amended to include a provision that enables the responsible Ministers to direct the New Zealand School Property Agency (under section 112 of the Crown Entities Act 2004) to perform any additional function relating to school property which is not specified in the legislation;
- 11 **agree** that the Education and Training Act 2020 be amended to provide the New Zealand School Property Agency with the following powers:
- 11.1 the power to enter and inspect any land and buildings occupied by boards;
- 11.2 the power to carry out necessary repairs and maintenance on school property; and
- 11.3 the power to require information from boards;
- 12 **agree** that some existing powers, functions and duties in the Education and Training Act 2020 be amended to be transferred to the New Zealand School Property Agency, including:
- 12.1 the Secretary for Education's power in section 161 to set terms and conditions applying both generally and specifically to land and buildings occupied by boards, with an amendment to require the Agency to consult with the Secretary for Education before setting any terms and conditions;

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- 12.2 the Secretary's power in section 162 to consent for a board to grant a lease or a licence to occupy land, buildings or facilities to any person;
- 12.3 the Secretary's power in section 163 to approve the kind of agreement and terms and conditions a board may enter into for the use of land, buildings or facilities occupied by the board; and
- 12.4 the Secretary's powers in section 560 in regard to the early childhood education and care centres situated on land owned by, or leased to, the Crown;

Governance and monitoring arrangements

- 13 **agree** that the Education and Training Act 2020 be amended to include a provision that the Board of the New Zealand School Property Agency will:
 - 13.1 consist of between 5 and 9 members (including Chair),
 - 13.2 collectively, have knowledge and experience of, and capability in:
 - 13.2.1 governance in construction and infrastructure delivery and asset management, and financial and risk management;
 - 13.2.2 large infrastructure or property portfolios;
 - 13.2.3 public sector governance and government processes;
 - 13.2.4 New Zealand's school system; and
 - 13.2.5 perspectives of schools and their communities;
- 14 **agree** that the Minister responsible for the Education and Training Act 2020 will be a Minister responsible for the New Zealand School Property Agency with the Prime Minister being able to allocate the Minister for Infrastructure (or any other Minister) as an additional responsible Minister in which case the split of responsibilities between them is determined as part of the detailed design of legislation;
- 15 **agree** the New Zealand School Property Agency is monitored by the Ministry of Education with support from the department of any other responsible Minister;
- 16 **agree** that the Education and Training Act 2020 should be amended to include a provision that enables the responsible Minister(s) and the Secretary for Education to delegate certain functions, powers or duties to the New Zealand School Property Agency that are consistent with the entity's objectives;
- 17 **agree** the Education and Training Act 2020 should be amended to enable the Minister responsible for that Act to issue a Government Policy Statement on the education network and school property;
- 18 **agree** that such a Government Policy Statement would set out:
 - 18.1 the Government's overall direction and priorities for the education network and school property;

- 18.2 the Government's expectations for school property in relation to particular education networks, including Kaupapa Māori, Māori medium, learning support, and other population groups;
 - 18.3 how the Minister expects the New Zealand School Property Agency to manage and deliver its objectives and functions relating to school property and infrastructure;
 - 18.4 technical details of a process for development of a GPS, and its effect for the New Zealand School Property Agency, school boards and others in the sector; and
 - 18.5 any other matter the Minister considers relevant;
- 19 **agree** that the New Zealand School Property Agency and the Ministry of Education must give effect to any Government Policy Statement;
- 20 **agree** that the Education and Training Act 2020 should be amended to enable the responsible Minister(s) to specify any other central government education agencies or organisations that must give effect to any Government Policy Statement;

Restricted activities

- 21 **note** that the New Zealand School Property Agency will be subject to the Crown Entities Act 2004, and is therefore restricted from acquiring financial products, borrowing, giving guarantees and indemnities and using derivatives unless other authorised;
- 22 **agree** that if the New Zealand School Property Agency seeks to do any of these restricted activities, it can seek approval from the responsible Minister(s) and Minister of Finance;
- 23 **agree** that the New Zealand School Property Agency will retain any surplus unless otherwise directed by the Minister of Finance;

9(2)(f)(iv)

24 9(2)(f)(iv)

25 9(2)(f)(iv)

26 9(2)(f)(iv)

9(2)(f)(iv)

9(2)(f)(iv)



Proactively Released

29 **note** that following Cabinet decisions on this paper the Ministers of Education and Infrastructure will seek approval to draw down funding of \$7.500 million which was set aside as a tagged contingency in Budget 2025;

30 9(2)(f)(iv) [Redacted]

31 9(2)(f)(iv) [Redacted]

9(2)(f)(iv) [Redacted]

32 9(2)(f)(iv) [Redacted]

33 9(2)(f)(iv) [Redacted]

9(2)(f)(iv) [Redacted]

9(2)(f)(iv)



34 9(2)(f)(iv)



9(2)(f)(iv)



Proactively Released

9(2)(f)(iv)

Implementation

- 35 **note** that this proposal will be given effect through a Bill 9(2)(f)(iv) subject to confirmation;
- 36 **authorise** the Minister for Infrastructure and the Minister of Education with the power to act to make further decisions relevant to transition of staff, assets, liabilities, contracts and other obligations and commitments from the Ministry of Education to the New Zealand School Property Agency, in line with Cabinet direction on these issues, that may arise during the drafting process;
- 37 **authorise** the Minister for Infrastructure and 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;
- 38 **invite** the Minister of Education to issue drafting instructions to give effect to the decisions in these recommendations;
- 39 **note** that how the bill is drafted is subject to Parliamentary Counsel's discretion as to how best to express these in legislation;
- 40 **note** the Minister for Infrastructure and the Minister of Education are not proposing to transfer ownership of land and at this stage it will remain with the Crown;
- 41 **note** the Minister for Infrastructure and the Minister of Education will direct officials to undertake a business case for implementation on the detail of the proposed changes, including on implications for balance sheets and Crown land; and
- 42 **note** that the Minister of Education, in consultation with the Minister for Infrastructure, will confirm costs and make necessary technical changes to Vote Education appropriations after completion of detailed design and a business case for implementation;
- 43 9(2)(f)(iv)

Authorised for lodgement

Hon Chris Bishop, Minister for Infrastructure

Hon Erica Stanford, Minister of Education

Appendix 1: Criteria used to assess options for form and functions

- Criteria agreed to by Cabinet in September 2024 [SOU-24-MIN-0120]:
 - Alignment with wider education priorities.
 - Alignment with infrastructure priorities.
 - The set-up and ongoing cost required to establish and operate the new model.
 - The impact on staff and in-progress delivery through a transition.
 - The time required to establish the new model.
- Further criteria added to support and strengthen the specific analysis of entity forms:
 - Enabling arm's length decision making that is commercially focussed.
 - Ongoing administrative simplicity of a new model.
 - Flexibility to adapt the entity's scope of functions, including after decisions on the network function.
 - Clear lines of accountability to Ministers relating to the performance of property functions.

Appendix 2: Breakdown of roles in common school property scenarios

Scenario 1: Growth (New school or roll growth)
<ul style="list-style-type: none"> • The Ministry carries out demand forecasting to determine if change is required in the network. The decision will be based on network need and forecast population changes. • The NZ School Property Agency provides existing capacity and property performance data and advice. • The Ministry decides network solutions – enrolment scheme, new school, new teaching space, closure, merger etc. For new schools and teaching spaces this includes prioritisation. • The NZ School Property Agency develops the business case and budget bid. • The Ministry is accountable for submitting the bid and supports advice to enable Ministerial and Cabinet decisions. • The NZ School Property Agency uses its commercial focus to work with the industry to plan, lead and ensure the growth is a built efficiently. • The Ministry monitors delivery as part of investment oversight, and the Minister can receive regular updates from the NZ School Property Agency on delivery.
Scenario 2: A redevelopment project
<ul style="list-style-type: none"> • The NZ School Property Agency collects data on the performance of school buildings. • The NZ School Property Agency determines when and what should be redeveloped based on the analysis of the condition and performance of the buildings and prioritises what is the greatest need and will offer the best return. • The NZ School Property Agency is responsible for planning and delivering the redevelopment efficiently within its resources. • The Ministry monitors delivery of the project as part of investment oversight, and the Minister can receive regular updates from the NZ School Property Agency
Scenario 3: School-led asset management
<ul style="list-style-type: none"> • School boards and the NZ School Property Agency develop a property plan together that reflects asset requirements, a school’s needs and value for money. • The NZ School Property Agency approves, funds and supports a school to deliver its plan within the school’s resources. • School boards lead, plan and are responsible for the work that falls under the plan.

Appendix 3: Proposed key features for new Crown agent

Table 1: Proposed key features of the Crown agent that require amendments to the Education and Training Act 2020

Feature	Change	Rationale
Establish a new Crown agent	Establish the New Zealand School Property Agency (NZSPA) as a new Crown agent for the purposes of the Crown Entities Act 2004.	A Crown agent is the appropriate form for the new entity as it provides the right balance of flexibility, transparency and Ministerial control, while creating leadership at the right level with Board oversight that supports commercial discipline. See paragraphs 22 to 26 for more detail.
Board	<p>Provide for a board to govern the NZSPA. The Board will consist of between 5 and 9 members (including Chair).</p> <p>The responsible Ministers must appoint members who, collectively, have knowledge and experience of, and capability in:</p> <ul style="list-style-type: none"> • governance in construction and infrastructure delivery and asset management, and financial and risk management; • large infrastructure or property portfolios; • public sector governance and government processes; • New Zealand’s school system • perspectives of schools and their communities; 	A board of between 5 and 9 members with the collective knowledge, experience and capability as listed should be sufficient to deliver the functions listed below.

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<p>Objective of the NZSPA</p>	<p>The objectives of the NZSPA is to support the delivery of quality education outcomes through ensuring the efficient administration of education infrastructure in line with good practice for investment and asset management.</p>	<p>This will provide an overarching objective for the NZSPA which can be supplemented by additional strategic direction provided in letters of expectation, accountability documents, and over time by a Government Policy Statement.</p>
<p>Functions of the NZSPA</p>	<p>The NZSPA undertakes planning, building, maintenance and administration of the school property portfolio including the following functions and responsibilities:</p> <ul style="list-style-type: none"> • delivery of construction, acquisitions and disposals in line with the standards and priorities set by the Government;⁴ • maintaining the portfolio and monitoring its performance; • the provision of infrastructure planning and delivery advice to the Ministry and the responsible Ministers to support investment decision-making; • the administration of education land, land rights, improvements and contracts on behalf of the Crown excluding education land used for tertiary institutions; • maintaining relationships and providing advice to school boards about school infrastructure; 	<p>The intention is to list the key functions the NZSPA will undertake in the legislation.</p> <p>The Ministry of Education would be responsible for decisions on new builds and the Vote Education budget process while the NZSPA would be responsible for delivery of construction and the maintenance of the portfolio. This split of functions is demonstrated in Appendix 2 and is intended to support a school property model with clear accountabilities and transparent decision making for individual school projects.</p>

⁴ Under the proposals the statutory responsibility for the acquisition and disposal of land under the Public Works Act 1981 for education purposes would remain with the Crown (through Minister for Land Information and chief executive of LINZ respectively).

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	<ul style="list-style-type: none"> • supporting the Crown’s Treaty of Waitangi settlements; • performing any other functions relevant to its objectives that the responsible Ministers directs in accordance with section 112 of the Crown Entities Act 2004; and • to undertake any other function, power or duty conferred on it by the Education and Training Act 2020 or any other enactment. 	
<p>Powers and duties for NZSPA</p>	<p>To undertake the functions, NZSPA will have the following statutory powers:</p> <ul style="list-style-type: none"> • the power to enter and inspect any land and buildings occupied by boards • the power to carry out necessary repairs and maintenance on school property • the power to require information from boards <p>Some existing statutory powers, duties and functions will need to be transferred to the NZSPA from the Secretary, including:</p> <ul style="list-style-type: none"> • the Secretary’s power to specify terms and conditions applying generally and specifically to land and buildings occupied by boards (section 161 of the Act, with an amendment to require the NZSPA to consult with the Ministry before specifying any terms and conditions); • The Secretary’s power to consent for a board to grant a lease or a licence to occupy land, buildings or facilities to any person (section 162 of the Act); • the Secretary’s power in section 163 to approve the kind of agreement and terms and conditions a board may enter into for the use of land, 	<p>This is intended to provide the powers NZSPA will need to undertake the functions and responsibilities listed above.</p> <p>Information sharing agreements or approved information sharing agreements are likely to supplement these statutory powers, to provide appropriate access to personal or private information held by the Ministry of Education. This may include information on the needs of specific learners who need building modifications.</p>

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	<p>buildings or facilities occupied by the board;</p> <ul style="list-style-type: none"> The Secretary’s powers in regard to the early childhood education and care centres situated on land owned by, or leased to, the Crown (section 560 of the Act). 	
Restricted activities	<p>Empower the NZSPA to acquire financial products, borrow, give guarantees and indemnities and use derivatives through seeking approval from the responsible Ministers and Minister of Finance.</p> <p>Allow the NZSPA to retain any surplus unless otherwise directed by the Minister of Finance.</p>	<p>As a Crown agent, the NZSPA will be subject to the Crown Entities Act 2004, and is therefore restricted from acquiring financial products, borrowing, giving guarantees and indemnities and using derivatives unless other authorised. The intention is for the Ministers to be able to authorise the NZSPA to do any of these restricted activities.</p>
Delegation	<p>The ability for the Minister of Education and the Secretary for Education to delegate certain functions, powers and duties to the NZSPA that are consistent with the entity’s objectives (for example powers under the Resource Management Act 1991).</p>	<p>The delegation powers are intended to future proof the new model and provide for flexibility.</p>
Responsible Minister and Crown Monitor	<p>The Minister responsible for the Education and Training Act 2020 will be a Minister responsible for the New Zealand School Property Agency and the Prime Minister will be able to allocate the Minister for Infrastructure (or any other Minister) as an additional Minister responsible for the entity.</p> <p>If there is more than one Minister responsible for the New Zealand School Property Agency the split of responsibilities between them is determined as part of the detailed design of legislation.</p> <p>The New Zealand School Property Agency will be monitored by the Ministry of Education with support from the department of any other responsible</p>	<p>It is appropriate the Minister responsible for the Education and Training Act 2020 is named as the responsible Minister as they are responsible for that Act and the delivery of education priorities. It is also appropriate that the Prime Minister has the flexibility to appoint the Minister for Infrastructure (or any other Minister) as an additional Minister to be able to respond to</p>

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	<p>Minister.</p>	<p>infrastructure priorities.</p> <p>It is appropriate that the New Zealand School Property Agency is monitored by Ministry of Education as the responsible agency for education funding, policy and legislation, but with support from the department of any other responsible Minister.</p>
<p>Government Policy Statement</p>	<p>The Minister of Education may issue a Government Policy Statement (GPS), which would set out:</p> <ul style="list-style-type: none"> • The Government’s overall direction and priorities for the education network and school property. • The Government’s expectations for school property in relation to particular education networks, including Kaupapa Māori, Māori medium, learning support, and other population groups. • How the Minister expects the NZSPA and the Ministry of Education to give effect to the GPS. • Any other matter the Minister considers relevant. <p>The legislation would set out a process for development of a GPS, and its effect for the NZSPA, the Ministry of Education, school boards and others in the sector.</p> <p>The legislation will require the NZSPA and the Ministry of Education to give effect to any Government Policy Statement and enable the responsible to Minister to specify any other central government education agencies or organisations that must give effect to any Government Policy Statement.</p>	<p>We have proposed that the legislation enable a GPS to be issued, to future-proof the provisions. However, we are not proposing making a statement mandatory for the Minister at this stage as it will be more robust if developed once the entity has bedded in its operating model and ways of working. Initially, the entity will be suitably steered by instruments such as the board appointments, its letter of expectation and Government’s wider infrastructure policy. A GPS would be used once the NZSPA is a mature entity, able to inform and respond to a GPS.</p>

Proactively Released



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.

New Model for Managing the School Property Portfolio

Portfolios **Infrastructure / Education**

On 30 June 2025, Cabinet:

Background

- 1 **noted** that:
 - 1.1 the Ministerial Inquiry into School Property confirmed that the systems and processes of the school property portfolio need overhauling;
 - 1.2 a phased approach is being taken to address the Inquiry's findings and recommendations;
- 2 **noted** that while improvements have been made since the Government response to the Inquiry was agreed, there are still problems and limitations with the current model;
- 3 **noted** that in September 2024, the Cabinet Social Outcomes Committee invited the Minister for Infrastructure and the Minister of Education to report back on options for the functions of an operational delivery arrangement for school property projects, planning and delivery, as well as options for the form of a new model to implement these functions [SOU-24-MIN-0120];

New Crown entity for managing school property

- 4 **agreed** to establish the New Zealand School Property Agency (NZSPA) as a new Crown agent for school property for the purposes of the Crown Entities Act 2004;
- 5 **agreed** that NZSPA's role will be to manage school property and undertake building, maintenance and administration of the school property portfolio on behalf of the Crown;
- 6 **noted** that the Ministry of Education will remain the principal adviser to Ministers on education policy, Vote administration, and infrastructure investments;

Objectives, functions and powers

- 7 **agreed** that the Education and Training Act 2020 be amended to specify the objectives, functions and powers of NZSPA;

- 8 **agreed** that the overarching objective of NZSPA be drafted consistent with the following statement:
- To support the delivery of education outcomes through ensuring the efficient administration of education infrastructure in line with good practice for investment and asset management;
- 9 **agreed** that NZSPA's functions and responsibilities include undertaking planning, building, maintenance and administration of the education property portfolio, including the following:
- 9.1 delivery of construction, acquisitions and disposals in line with the standards and priorities set by the Government;
 - 9.2 maintaining the portfolio and monitoring its performance;
 - 9.3 the provision of infrastructure planning and delivery advice to the Ministry and responsible Ministers to support investment decision-making;
 - 9.4 the administration of education land, land rights, improvements and contracts on behalf of the Crown excluding education land used for tertiary institutions;
 - 9.5 maintaining relationships and providing advice to school boards about school infrastructure;
 - 9.6 supporting Treaty of Waitangi settlements; and
 - 9.7 undertaking any other function, power or duty conferred on it by the Education and Training Act 2020 or any other enactment;
- 10 **agreed** that the Education and Training Act 2020 be amended to include a provision that enables responsible Ministers to direct NZSPA (under section 112 of the Crown Entities Act 2004) to perform any additional function relating to school property which is not specified in the legislation;
- 11 **agreed** that the Education and Training Act 2020 be amended to provide NZSPA with the following:
- 11.1 the power to enter and inspect any land and buildings occupied by boards;
 - 11.2 the power to carry out necessary repairs and maintenance on school property; and
 - 11.3 the power to require information from boards;
- 12 **agreed** that some existing powers, functions and duties in the Education and Training Act 2020 be amended to be transferred to NZSPA, including:
- 12.1 the Secretary for Education's (the Secretary) power in section 161 to set terms and conditions applying both generally and specifically to land and buildings occupied by boards, with an amendment to require the Agency to consult with the Secretary for Education before setting any terms and conditions;
 - 12.2 the Secretary's power in section 162 to give consent for a board to grant a lease or a licence to occupy land, buildings or facilities to any person;
 - 12.3 the Secretary's power in section 163 to approve the kind of agreement and terms and conditions a board may enter into for the use of land, buildings or facilities occupied by the board; and

- 12.4 the Secretary's powers in section 560 in regard to the early childhood education and care centres situated on land owned by, or leased to, the Crown;

Governance and monitoring arrangements

- 13 **agreed** that the Education and Training Act 2020 be amended to include a provision that the Board of NZSPA will:
- 13.1 consist of between 5 and 9 members (including the Chair);
 - 13.2 collectively, have knowledge and experience of, and capability in:
 - 13.2.1 governance in construction and infrastructure delivery and asset management, and financial and risk management;
 - 13.2.2 large infrastructure or property portfolios;
 - 13.2.3 public sector governance and government processes;
 - 13.2.4 New Zealand's school system;
 - 13.2.5 perspectives of schools and their communities;
- 14 **agreed** that the Minister for Infrastructure and Minister of Education be the responsible Ministers for NZSPA, with the split of responsibilities to be determined, and subject to the Prime Minister's approval;
- 15 **agreed** that NZSPA be monitored by the Ministry of Education;
- 16 **agreed** that the Education and Training Act 2020 be amended to include a provision that enables the responsible Ministers and the Secretary to delegate certain functions, powers or duties to NZSPA that are consistent with its objectives;
- 17 **agreed** that the Education and Training Act 2020 be amended to enable the Minister responsible for that Act to issue a Government Policy Statement on the education network and school property;
- 18 **agreed** that such a Government Policy Statement would set out:
- 18.1 the Government's overall direction and priorities for the education network and school property;
 - 18.2 the Government's expectations for school property in relation to particular education networks, including Kaupapa Māori, Māori medium, learning support, and other population groups;
 - 18.3 how the Minister expects NZSPA to manage and deliver its objectives and functions relating to school property and infrastructure;
 - 18.4 technical details of a process for development of a Government Policy Statement, and its effect for NZSPA, school boards and others in the sector; and
 - 18.5 any other matter the Minister considers relevant;
- 19 **agreed** that NZSPA and the Ministry of Education must give effect to any Government Policy Statement;

20 **agreed** that the Education and Training Act 2020 be amended to enable the responsible Minister(s) to specify any other central government education agencies or organisations that must give effect to any Government Policy Statement;

Restricted activities

21 **noted** that NZSPA will be subject to the Crown Entities Act 2004, and will therefore be restricted from acquiring financial products, borrowing, giving guarantees and indemnities and using derivatives unless otherwise authorised;

22 **agreed** that, if NZSPA seeks to do any of these restricted activities, it can seek approval from the responsible Ministers and the Minister of Finance;

23 **agreed** that NZSPA will retain any surplus unless otherwise directed by the Minister of Finance;

Financial implications

24 9(2)(f)(iv) [Redacted]

25 9(2)(f)(iv) [Redacted]

26 9(2)(f)(iv) [Redacted]

9(2)(f)(iv) [Redacted]

27 9(2)(f)(iv) [Redacted]

28

9(2)(f)(iv)

[Redacted]

9(2)(f)(iv)

[Redacted]

29

noted that the Minister for Infrastructure and the Minister of Education will seek approval to draw down funding of \$7.500 million, which was set aside as a tagged contingency in Budget 2025 [CAB-25-MIN-0126.23, Initiative 16656];

30

9(2)(f)(iv)

[Redacted]

31

9(2)(f)(iv)

[Redacted]

9(2)(f)(iv)

[Redacted]

32

[Redacted]

9(2)(f)(iv)

[Redacted]

33


9(2)(f)(iv) [Redacted]

9(2)(f)(iv) [Redacted]

Implementation

34

noted that the above policy decisions will be given effect through the Education and Training (System Reform ^{9(2)(f)} _(iv) Amendment Bill, [Redacted]

- 35 **authorised** the Minister for Infrastructure and the Minister of Education to make further decisions relevant to the transition of staff, assets, liabilities, contracts and other obligations and commitments from the Ministry of Education to NZSPA, in line with Cabinet direction on these issues;
- 36 **authorised** the Minister for Infrastructure and 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 relating to the paper under CAB-25-SUB-0219;
- 37 **invited** the Minister of Education to issue drafting instructions to the Parliamentary Counsel Office to give effect to the above paragraphs;
- 38 **noted** that how the Bill is drafted is subject to Parliamentary Counsel's discretion as to how best to express these decisions in legislation;
- 39 **noted** that the Minister for Infrastructure and the Minister of Education are not proposing to transfer ownership of land and at this stage it will remain with the Crown;
- 40 **noted** that the Minister for Infrastructure and the Minister of Education will direct officials to undertake a business case for implementation on the detail of the proposed changes, including on implications for balance sheets and Crown land;
- 41 **noted** that the Minister of Education, in consultation with the Minister for Infrastructure, will confirm costs and make any necessary technical changes to Vote Education appropriations after completion of detailed design and a business case for implementation;
- 42 9(2)(f)(iv) 

Rachel Hayward
Secretary of the Cabinet