



Regulatory Analysis Summary: Amendments to the Education (Hostels) Regulations 2005

Decision sought	Final Cabinet decisions on proposed amendments to the Education (Hostels) Regulations 2005.	
Agency responsible	<i>The Ministry of Education</i>	
Portfolio Minister(s)	<i>Hon Erica Stanford</i>	
Date finalised	<i>13 July 2026</i>	
Ministry for Regulation ID number	REG-2293	

Brief description of the Minister's regulatory proposal (preferred option)

The proposals aim to strengthen and clarify the regulatory framework for hostels and include changes to overnight supervision and sleeping space requirements, restrictions on the use of corporal punishment and seclusion, the establishment of a clear complaint escalation pathway and enhanced regulatory oversight. The proposals also introduce improved record-keeping requirements and changes to support the transfer of regulatory functions from the Ministry of Education (the Ministry) to the Education Review Office (ERO).

The Ministry has completed Phase One of a two-stage review of the hostel regulatory framework. Phase One aimed to address child protection gaps highlighted by the RCOI and proposes changes focused on safeguarding requirements, complaints and monitoring and oversight tools. Phase Two will focus on pastoral care responsibilities and begin in 2027.

Summary of the problem definition

The Education (Hostels) Regulations 2005 (the Regulations) establish the minimum licensing standards for hostels to ensure the safety of boarding students. The Regulations have not been updated since they were first established 20 years ago and no longer reflect modern child safeguarding standards. The need for updated regulations has been reinforced by the findings of the Abuse in Care Royal Commission of Inquiry (RCOI), which identified that abuse and neglect were widespread between 1950 and 1999 in State and faith-based care institutions.

Summary of options considered for addressing the problem

The RAS presents a range of proposed options grouped into four high-level areas to improve the regulatory framework. The summary below excludes the status quo / counterfactual option one for each area.

Stronger, clearer requirements to help ensure boarder safety

- Option Two (preferred by Minister): introduces a package of strengthened requirements to improve boarder safety by clarifying expectations for overnight supervision and sleeping arrangements and requiring hostel owners to take a structured approach to identifying and managing risks as part of the licensing process. It also explicitly prohibits corporal punishment and seclusion. This includes identifying and mitigating safety risk that could arise when boarders of different ages have sleeping spaces in close proximity.

- Option Three: This option introduces a more prescriptive package of requirements to strengthen safety, alongside explicitly prohibiting corporal punishment and seclusion. It would require hostel owners to ensure on-site overnight supervision in each building where boarders are accommodated unless an exemption is granted where equivalent safety can be demonstrated. It would also mandate clearer separation in sleeping arrangements by age group.

Stronger complaints processes to empower boarders and parents

- Option Two (preferred by Minister): introduces a complaint escalation pathway and reporting framework to strengthen oversight of hostel non-compliance. It would establish a formal role for ERO as the new regulator in receiving and responding to complaints where internal hostel processes are insufficient, including where there are concerns about conflicts of interest. It also introduces greater transparency through regular, high-level reporting on complaints by hostels to the regulator and the regulator publishing findings on a hostel's compliance issues identified through inspections.
- Option Three: would include all the proposed changes in Option Two and a requirement for hostel owners to publish annual summary complaints information, as well as provide detailed reporting on complaint types, trends, resolution timeframes and actions taken in response to recurring issues. This would require hostel owners to actively monitor complaint patterns and take reasonable steps to address identified risks or repeated non-compliance.

New regulatory powers and requirements to support compliance monitoring

- Option Two (preferred by Minister): This option introduces a more structured and risk-based monitoring framework to strengthen oversight and accountability. It would require regular inspection of hostels within each licensing period (usually set at three years). It also allows the regulator to set shorter licence periods where risks warrant closer oversight. It expands record-keeping requirements to support compliance monitoring and student wellbeing, ensuring hostels maintain key information on child safety practices, incidents and complaints.
- Option Three: This option would include all the proposed changes in Option Two. It would also increase the frequency of inspections (every 18 months), enable more flexible licensing to reflect risk and require regular attestation from hostel owners on their compliance with core safety, staffing and operational requirements.

Supporting transfer of regulatory functions to ERO

- Option Two (preferred by Minister): would introduce a transitional provision that would enable ERO to extend hostel licences for up to three years for hostels whose licences expire between October 2027 and July 2028.¹

Are the Minister's preferred options in the Cabinet paper the same as the preferred options in the RAS?

Yes.

Summary of the main benefits of the Minister's preferred options

The preferred options strengthen the regulatory framework by creating a safer, more coherent, transparent and responsive system. They clarify roles and expectations for the regulator and hostels and strengthen requirements for student safety and wellbeing. The proposals also establish clearer pathways for resolving complaints and a more defined role for the regulator in compliance matters. The proposals also enhance oversight by improving the quality and availability of information. Regular reporting of complaints data alongside clear record-

¹ The Ministry is the current licensing authority and regulator. Changes introduced by the Education and Training (System Reform) Amendment Act 2026 transferred this function to the Education Review Office. This change is set to come into force from September 2026.

keeping requirements will improve transparency and support more effective monitoring of compliance and boarder safety. It will also enable earlier identification of issues and allow regulatory effort to be targeted toward higher-risk areas. The changes also provide the regulator with more flexible and proactive tools to respond to risk. This includes the ability to adjust licensing timeframes where confidence is lower. Improved management of licensing renewals will support consistent assessments while maintaining continuity for hostels.

Summary of the main costs of the Minister's preferred option

Most of the preferred options are expected to introduce only minor additional costs and administrative burden for hostels. Overnight supervision proposals are likely to involve moderate costs due to the need to implement enhanced supervision and monitoring systems.² These costs will vary hostel to hostel. A few hostels may also face increased administrative and fee costs due to more frequent licence renewals. The costs arising from the increased regulatory role can be managed from within baselines.

Does the RAS indicate that the benefits of the Minister's preferred option are likely to outweigh the costs?

Yes.

Have any potential inconsistencies with the principles of responsible regulation in the Regulatory Standards Act been identified in relation to the Minister's preferred option?

No.

Limitations and constraints on analysis

Condensed timeframes	Yes	Constrained option set	Yes
Legislative constraints	No	Data and evidence gaps	Yes
Ministerial direction	No	Other	No
Limited public consultation	Yes		

Summary of limitations and constraints on analysis

Lack of centralised recording mechanisms:

The Ministry does not have a system for receiving and recording hostel complaints or incidents, which arrive through varying organisational channels. Because of this, there is limited visibility of the scale, nature and frequency of safety issues in hostels. This lack of visibility is further compounded by low and uncertain reporting rates and delays in reporting by survivors of abuse.

Targeted engagement on proposed changes limited to sector stakeholders:

Targeted engagement on the proposals occurred in two stages: November - December 2025 and March - April 2026. This engagement focused on sector stakeholders, peak bodies and specialist groups. It did not include input from boarders, parents, caregivers and whānau who may have provided additional perspectives. While response rates indicated good overall engagement, the short timeframes may have limited participation. Phase Two is planned for 2027 and will have a focus on pastoral care. It is expected to include broader consultation with both the sector and from boarders, parents, caregivers and wider families and whānau.

Limited feedback obtained from Māori and Pacific stakeholders in engagement surveys:

Stakeholder identification was limited during the initial targeted engagement in 2025 because submitter details were not collected to protect respondents' privacy. As a result, it was not possible to identify specific stakeholder groups unless respondents voluntarily self-identified.

² Stakeholder feedback from the second survey on the costs associated with the overnight supervision and sleeping space proposals indicated that costs for monitoring technologies ranged from \$3,000 - \$12,000 for smaller systems, \$25,000 to \$50,000 for mid-sized systems and \$90,000 - \$150,000 for larger scale systems.

This limited the Ministry's ability to determine how many respondents identified as Māori or Pacific. The second survey included an option for respondents to identify as Māori boarding schools and received three responses from this group.³ As part of the planned engagement in 2027, the Ministry intends to undertake further targeted engagement with tamariki and rangatahi Māori, Māori hostels and those with high Pacific student populations to ensure their perspectives are more fully captured.

What are the implications of these limitations and constraints, and what has been done – or will be done – to mitigate and manage them?

Limited timeframes for engagement may have constrained sector feedback. Further, focusing targeted engagement on schools and hostels meant that the perspectives of boarders, parents, families and whānau were not captured. A second engagement with boarders, parents, families and whānau is expected to take place in 2027 as part of Phase Two on pastoral care.

I am satisfied that, given the available evidence, this RAS represents a reasonable view of the likely costs, benefits and impact of the preferred option.

Responsible Manager(s) signature:



Jacqueline Sheppard
Senior Policy Manager
13 July 2026

Quality Assurance Statement

Reviewing [Agency/Agencies]: Ministry of Education Quality Assurance Panel

QA rating: Partially meets

Panel Comment:

The Ministry of Education's Quality Assurance Panel has reviewed the Regulatory Analysis Summary prepared by the Ministry of Education (dated 13 July 2026). The panel considers that it *partially meets* the Quality Assurance criteria. The panel considered that there was insufficient analysis of the impacts for specific population groups stemming from constraints around consultation, and limitations around analysis on the comparative differences between some of the proposals. Despite this, the analysis provides clear, concise and complete information about the problem definition and the case for change and provides a strong evidence base and sufficient analysis of the options and proposals to support broader decision making.

Document overview

1. This RAS provides analysis on proposed amendments to the Education (Hostels) Regulations 2005 (the Regulations). To enable coherency, the RAS is sectioned into five parts:
 - **Part One:** Overview of the hostels sector and regulatory review

³ There are 5 Māori boarding schools operating in New Zealand.

- **Part Two:** Stronger, clearer requirements to ensure boarder safety
- **Part Three:** Stronger complaints processes to empower boarders and parents
- **Part Four:** New regulatory powers and requirements to support compliance monitoring
- **Part Five:** Supporting the transfer to the Education Review Office (ERO)
- **Part Six:** Delivering an option.

Part One: Overview of the hostels sector and regulatory review

Background on the school hostels in New Zealand

2. There are 87 licensed hostels that are approved to house approximately 12,000 students in New Zealand.⁴ Most licensed hostels are connected to a specific school, including State, State-integrated, charter and private schools and are owned and managed by school boards, State-integrated school proprietors, trusts and other private entities. The hostel network also includes some Residential Specialist Schools (RSS) and sensory schools.⁵
3. Hostels play an important role in the education system and enable students to attend a school they otherwise may not be able to for reasons such as geographic isolation or lack of suitable schools nearby. In some cases, students may also wish to attend a special character school or kura kaupapa Māori that better aligns with their learning needs or cultural identity.

The Hostel Regulatory Framework

4. The regulatory framework for hostels is set out in the Education and Training Act 2020 (the Act) and the Regulations. The Act includes provisions relating to the review powers of the Chief Review Officer (exercised by ERO) as well as provisions for entry and inspection of hostel premises. It also provides powers to make regulations for licensing hostels.⁶ The Regulations set out the minimum standards for hostel premises and facilities, management codes of practice and a complaint mechanism.

Problem definition

5. The Royal Commission of Inquiry into Abuse in State care (RCOI) investigated abuse or neglect experienced by children, young people and vulnerable adults in State or faith-based care between 1950 and 1999.
6. In 2024, the Commission presented its report, *Whanaketia – through pain and trauma, from darkness to light*.⁷ The report identified systemic and institutional failures that led or contributed to abuse and neglect and found that these continue to persist in current systems. In particular, many institutions still have no or poorly implemented safeguarding procedures, reporting mechanisms or systems to identify and respond to instances of abuse and neglect.⁸
7. The Regulations have not been updated for over 20 years and do not reflect modern, child-centred safeguarding expectations. In response to the findings and recommendations of the

⁴ Note: The number of current boarders in hostels is lower than the stated maximum capacity.

⁵ The two sensory schools are *Ko Taku Reo: Deaf Education and New Zealand* and *Blind and Low Vision Education Network New Zealand (BLENNZ)*. RSS and sensory school hostels are funded directly by the Ministry.

⁶ Sections 470 - 473 *Functions of Chief Review Officer*, Sections 630 - 632 *School hostels* Section 643 *Regulations relating to school hostels* and the *Education (Hostel) Regulations 2005*.

⁷ *Whanaketia*

⁸ *Whanaketia* - chapter 5: Safeguarding people in care.

RCOI, the Minister of Education agreed to a two-phased review of the Regulations to increase alignment with relevant RCOI recommendations. This RAS relates to Phase One, which focuses on child safety and protection.

What objectives are sought in relation to the policy problem?

8. The purpose of this work is to ensure the Regulations help keep students safe. The following objectives have been developed to support this purpose:
 - **Clear and strong safety requirements** – strengthen and clarify rules for how hostels will keep students safe and well.
 - **Inform and empower boards, families and whānau** – address the power imbalance between hostels and boards.
 - **Fit-for-purpose regulator tools** – improve the regulator’s ability to oversee and monitor hostels to better enable compliance and enforcement when appropriate.
 - **Support the transfer to ERO** – to support ERO to manage the transition by smoothing licence renewals evenly across three-years going forward.
9. Proposals in each section of this RAS have their own, more detailed set of objectives.

What external consultation has been undertaken?

10. To inform this review, the Ministry undertook two targeted engagement sessions with sector stakeholders.

Initial engagement in 2025

11. The first engagement took place between 10 November and 2 December 2025. It included meetings with representative groups and peak bodies, webinars and an online survey designed for school and hostel staff. The engagement sought feedback on nine proposed changes to the Regulations, which were early versions of the proposals in this RAS.⁹
12. A total of 96 submitters responded to the survey, with most responses received from hostel managers and school principals. Feedback indicated strong support for most proposals with relatively lower support for proposals relating to overnight supervision, sleeping spaces and complaints processes. Key concerns raised were related to the potential for increased operating and capital costs to implement the changes and reputational and privacy issues that could arise from increasing transparency around complaints received.

Follow up engagement in 2026

13. A second round of engagement sought further information on costs and implementation issues relating to overnight supervision and sleeping space proposals. This ran from 23 March – 7 April. Webinars and an online survey sought information on current supervision and sleeping space arrangements, baseline costs, the potential impact of the proposals and timeframes for completion. Fifty-seven submitters responded to the survey with most responses received from directors of boarding hostels and principals.
14. Feedback identified strong concerns from the sector on the proposed overnight supervision and sleeping space proposals with submitters indicating that the changes may be financially and operationally unworkable.

⁹ The Ministry of Education engaged with hostel managers and staff, school principals, *Pasifika Principals Association*, *New Zealand Boarding Schools Association*, *Aotearoa Boarding Schools Association*, *Ko Taku Reo | Deaf Education Services New Zealand* and *InsideOUT*.

15. Many hostels operate with minimal overnight staffing, often supported by on-site, off-duty staff. Introducing a per-building requirement would significantly increase staffing needs and around one-third of hostels reported they lack suitable accommodation for overnight staff. Stakeholders also advised that many would require building modifications which could be difficult to fund or complete within proposed timeframes (three years), particularly for hostels operating across multiple buildings. Around two-thirds of respondents indicated they would likely increase boarding fees, often by 10 to 30%, to meet these requirements.
16. Concerns were also raised in relation to proposed sleeping space requirements. Having boarders of different age groups sharing sleeping spaces or sleeping in close proximity occurs commonly in hostels in one form or another. Many hostels deliberately use mixed-age “vertical boarding” models to support peer mentoring and pastoral care.¹⁰ More prescriptive age-based requirements would likely require building modifications or reductions in boarder numbers, with a significant proportion of hostels indicating difficulty absorbing the associated costs or loss of capacity. Overall, the feedback highlighted that while the safeguarding intent of the proposals is supported, the scale of operational and financial impacts could be significant for some hostels and may not be practical.
17. A summary of the engagements and associated policy paper will be published on [Issue-specific information releases - Ministry of Education](#).

Part Two: Stronger, clearer requirements to ensure boarder safety

What are the current regulatory settings?

Overnight supervision and sleeping space arrangements

18. [Regulation 61](#) requires hostel owners to ensure that boarders are always supervised by a responsible person while in the hostel. It also requires staffing ratios to be sufficient to ensure boarder safety, considering the number, ages, and needs of boarders, the nature of their activities and the training and qualifications of staff.
19. [Regulation 44](#) requires hostel owners to provide the spaces and facilities reasonably necessary to meet boarders’ needs including for sleeping.¹¹ It also requires hostel owners to take account of relevant factors such as the number, ages and needs of boarders when determining what spaces and facilities are appropriate.
20. The regulatory approach to overnight supervision and sleeping spaces is like that in Australia, Canada and the United States. The United Kingdom frameworks requires that hostels have one staff member in each hostel building overnight who is responsible for supervising boarders and have various requirements about sleeping spaces having separation or “appropriate separation” of sleeping spaces by age group.

¹⁰ Tuākana-tēina is a Māori concept referring to the relationship between an older sibling (tuākana) and a younger sibling (tēina). The concept is exercised in some boarding houses where older students provide guidance and/or supervision to younger students.

¹¹ This also includes but is not limited to other aspects including sleeping, privacy, personal hygiene, study, recreation, eating, laundry, storage and private communication with parents.

Corporal punishment and seclusion

21. The Regulations do not explicitly prohibit the use of corporal punishment and seclusion in hostels. Such practices are prohibited in other education settings such as schools and early childhood services by the Education and Training Act 2020 (the Act).¹²

What is the policy problem?

Overnight supervision

22. Hostel environments are widely acknowledged to hold an increased risk of abuse for children and young people.¹³ This is because they bring children and young people of different ages to live together without the direct protection and support of a trusted family member to whom they can disclose abuse.¹⁴ The Ministry and RCOI have identified contemporary incidents of abuse in hostels, including at night. The frequency remains unknown due to low reporting rates, delayed reporting by survivors of abuse and weak record-keeping systems in the Ministry.
23. The regulatory requirements leave too much to the discretion of hostel owners to determine safe overnight supervision arrangements. Staffing arrangements may also differ from daytime operations in many hostels (i.e., lack of staff in the building overnight) and boarders may require assistance in circumstances where adult support is less immediately visible or accessible. Practices vary across hostels and may not always provide sufficient clarity or assurance of boarder safety for owners, staff, boarders, parents and whānau or the regulator.

Sleeping space arrangements

24. Sleeping space arrangements in hostels may raise significant safeguarding considerations. The Regulations lack clear expectations around how key risks associated with sleeping arrangements should be managed where groups of boarders with different levels of vulnerability or power imbalances, such as boarders of widely different ages, are sleeping in close proximity. These can impact boarders' safety, and wellbeing.

Corporal punishment and seclusion

25. The Regulations do not prohibit the use of corporal punishment and seclusion in hostels, unlike the Act which explicitly prohibits these practices in registered school and early learning settings. This inconsistency is problematic when boarders are at higher risk of experiencing harm than day students.

What objectives are sought in relation to the policy problem?

26. The objectives sought are to strengthen safeguarding outcomes for boarders by improving regulatory clarity and consistency, while ensuring compliance costs remain proportionate to the benefits of enhanced safety and protection.

What criteria will be used to compare options to the status quo?

¹² Section 24 *Prohibition on corporal punishment and seclusion in early childhood services*, section 98 *Prohibition on corporal punishment and seclusion in registered schools*.

¹³ *Whanaketia*, para 1018.

¹⁴ Patrick Parkinson and Judy Cashmore (June 2017): *Research Report - Assessing the different dimensions and degrees of risk of child sexual abuse in institutions*

27. The options are assessed against the criteria below:

Criteria	Description
Effectiveness	<i>The extent to which the option effectively strengthens safeguards for boarders.</i>
Certainty	<i>The extent to which the option makes expectations clear for regulated parties.</i>
Flexibility	<i>The extent to which requirements can be applied across diverse situations and contexts.</i>
Regulatory burden	<i>The extent to which the costs of complying with and administering new requirements are minimised.</i>
Proportionality	<i>The extent to which costs of regulation are proportionate to the child safety risks being managed.</i>

28. The key trade-off across these criteria is between strengthening safeguards for boarders and minimising the burden of regulation. More prescriptive requirements can improve effectiveness and provide greater certainty about expectations but may reduce flexibility for hostels operating in diverse contexts and increase compliance and administrative costs. Conversely, more flexible and lower-burden approaches may be easier to implement and better accommodate different circumstances but can result in less consistent practice and weaker safeguards.

What scope will options be considered within?

29. The scope of options considered has not been limited by previous Ministerial or Cabinet decisions. It has been shaped by the initial commissioning from the Minister of Education to align with the recommendations of the RCOI, including that Government should review and address any barriers or constraints in enabling legislation.¹⁵ As a result, non-regulatory options were not considered for this proposal as the problems identified relate to issues in the Regulations.

What options are being considered?

Option One – Status Quo / Counterfactual

30. Overnight supervision requirements (Regulation 61) and sleeping space arrangement requirements (Regulation 44) would remain unchanged. No changes would be made to the regulation of corporal punishment or seclusion in hostel settings.

Option Two – Clarified, strengthened and risk-based requirements (preferred by Minister)

31. Under this option, hostel owners would be required to ensure that:

- Staff know which building each student is sleeping in and that each student is the responsibility of a named staff member overnight
- Boarders know how and can contact a member of staff easily from within each building at night
- Supervising staff are onsite and readily accessible to boarders, including at night

¹⁵ *Whanaketia*, recommendation [36\(a\)](#)

- Supervising staff can monitor hostel buildings overnight when boarders are sleeping.¹⁶
32. Hostel owners would also be required to submit an overnight supervision risk management plan as part of the licensing and renewal processes. The plan would set out minimum requirements for overnight supervision including overnight staff-to-boarder ratios and other arrangements. The plan would also identify potential risks of harm and the actions that will be undertaken to mitigate them. Hostels would have one year to comply with the proposed changes.
33. For sleeping spaces hostel owners would be required to include in their risk management plan how they have mitigated potential safety risks where boarders of significantly different ages have sleeping spaces in close proximity. Hostels would have one year to comply with the proposed change.
34. This option would also explicitly prohibit corporal punishment and seclusion as part of the hostels licensing criteria. Embedding this requirement in the licensing framework would provide a clear regulatory mechanism to prevent these practices from occurring in hostels.

Option Three – Prescriptive requirements

35. This option introduces more prescriptive requirements for overnight supervision and sleeping-space arrangements while retaining the same explicit prohibition of corporal punishment and seclusion as Option Two.
36. For overnight supervision, hostel owners would be required to have at least one staff member present overnight in each hostel building where boarders are sleeping. That staff member would have responsibility for boarders sleeping in the building. The regulator would be able to grant exemptions to this requirement where a hostel's overnight supervision arrangements provide equivalent safety and/or supervision for boarders. Existing hostels would have three years to comply.
37. For sleeping space arrangements, hostel owners would be required to provide sleeping spaces that have appropriate separation between age-groups. Existing hostels would have three years to comply.

¹⁶ Monitoring methods may include staff inspections, closed-circuit television (CCTV) or other similar systems. Responsibility for compliance with the Privacy Act rests with individual hostels, including assessing whether CCTV use is justified and proportionate and implementing appropriate mitigations to reduce privacy risks. Guidance on how to implement the Privacy Act, including the privacy principles are available at [Privacy Act 2020 - Privacy Principles](#).

How do the options compare with the status quo/counterfactual?

Criteria	Option One – Status Quo / Counterfactual	Option Two (preferred) – Clarified, strengthened requirements	Option Three – Prescriptive requirements	
Effectiveness	Current settings give high discretion to hostel owners. 0	This would strengthen boarder safety by setting stronger minimum requirements for overnight supervision and sleeping spaces, for example, around accessibility of overnight supervising staff. Owners are required to take a deliberate approach to identifying and managing risks related to overnight supervision and boarders of different ages sleeping in close proximity. The risk management plan also gives the regulator clear oversight and a regular opportunity to assess the arrangements. An explicit prohibition on corporal punishment and seclusion would clearly support use of penalties under the Regulations, such as a license being cancelled or prosecution. +	This would provide the strongest safeguards for overnight supervision and sleeping space arrangement by explicitly requiring staff to be present in buildings where boarders are sleeping overnight and by separating students by age, potentially reducing the likelihood of abuse that may occur due to age-differential dynamics. An explicit prohibition on corporal punishment and seclusion would clearly support use of penalties under the Regulations, such as a license being cancelled or prosecution. ++	
Certainty	Responsibilities for overnight supervision and sleeping spaces are framed broadly. 0	This would provide more certainty about the minimum safeguards that should be in place for overnight supervision and sleeping spaces, making it easier for both owners and the regulator to assess whether standards have been met. This would probably have little or no impact on certainty about the use of corporal punishment and seclusion, as schools and hostels know these practices are prohibited under other legislation. +	This provides the highest level of certainty for how boarders should be supervised overnight and how risks of boarder of different ages sleeping in close proximity should be managed (i.e. through separation). However, the exemption mechanism may introduce some uncertainty by requiring exemptions to be made on a case-by-case basis. This would probably have little or no impact on certainty about the use of corporal punishment and seclusion, as schools and hostels know these practices are prohibited under other legislation. ++	
Flexibility	Hostels have high flexibility for how to implement overnight supervision and sleeping space requirements. 0	This allows hostel owners wide discretion on how to meet the new minimum standards for overnight supervision and sleeping spaces, for example, on how to monitor hostels and on how to manage risk when for boarders of different ages are sleeping in close proximity. This is important for workability due to the high variation across hostels in building configurations and layouts, staffing model, boarder numbers and boarder characteristics. However, the increase in minimum requirements restricts flexibility compared to the status quo. -	This involves less flexibility than the other options due more prescriptive requirements that must be universally applied for overnight supervision and sleeping spaces. The ability for the regulator to grant exemptions for case-by-case assessments of hostel settings creates a substantial degree of potential flexibility. --	
Regulatory burden	No changes would be required for hostels or the regulator. 0	This has an increased compliance burden for hostels and the regulator. Hostel owners may need to update policies or procedures, prepare or revise risk management plans, communicate these changes and make related operational changes. For overnight supervision, hostel owners may also need to purchase or upgrade monitoring technologies (i.e., CCTV, alarms). Costs will vary subject to the scale of monitoring infrastructure implemented. The one-year implementation period may mitigate the compliance burden. The corporal punishment and seclusion requirements will add little or no burden to hostels or the regulator. -	This is likely to be significantly more difficult to implement and administer. Prescriptive overnight staffing and sleeping space requirements could require significant operational or physical changes, including considerable costs for some hostels. Sector engagement indicated that up to 60% of hostels would find the costs very difficult to meet and some might be forced to close. The three-year transition period would reduce immediate pressure but would not address the inherent costs required to implement the changes. The regulator would need to assess exemption eligibility for all owners that apply, increasing the administrative burden. --	
Proportionality	Safeguarding requirements lack the rigor usually expected of regulatory frameworks that manage risks to child safety. 0	Given the serious risks of harm being addressed, the new safeguarding requirements will be more proportionate than the status quo. ++	This is less proportionate than Option Two as it imposes significant costs on a large proportion of regulated parties, which is disproportionate in a context where evidence on the frequency and severity of the harm is limited. +	
Overall assessment	0	2	1	
Assessment key				
-- Significantly worse than the status quo	- Worse than the status quo	0 No better or worse than the status quo	+ Better than the status quo	++ Significantly better than the status quo

Cost-benefit analysis

What are the additional costs and benefits of the preferred option in the Cabinet paper?

38. The lifetime costs of abuse in care due to ongoing harm and trauma have been estimated at \$857,000 per survivor. We lack data about the nature and frequency of abuse in school hostels. However, if the proposals prevent even a small number of boarders from experiencing abuse, the avoided costs are a significant benefit.
39. Additional costs of the preferred option include increased compliance costs, with potential flow-on to parents of boarders with increased fees. All have a small to medium impact with the most significant costs relating to monitoring inside hostel buildings with potential one-off costs of \$50,000 to \$150,000 to install or upgrade monitoring technologies for hostel owners who choose this method of monitoring (i.e., CCTV, alarms). The preferred options also involve increased administrative costs for the regulator due to the need to establish and monitor ongoing compliance.

Are the benefits of the preferred option in the Cabinet paper expected to exceed the costs?

40. Due to lack of data, it is not possible to quantify and directly compare the costs and benefits of the preferred option. However, the relative benefits of preventing even one boarder from experiencing abuse would likely outweigh annual ongoing compliance costs across the sector. Over multiple years, benefits would likely outweigh sector one-off costs.

Conclusion

41. Option Two makes meaningful changes to child safety and supervision requirements which are intended to reduce the incidence of harm or abuse in hostels, including overnight. Of the options considered Option Two strikes the best and most proportionate balance between effectiveness and compliance costs given the evidence of harm.

Table 2.1: Cost benefit analysis of Option Two (preferred by Minister) – Clarified, strengthened and risk-based requirements

Nature of the benefit/cost to New Zealand	Dollar value of impact (or quantified impact)	Scale of unquantifiable impact	Nature of impact – one-off or ongoing	Source of evidence
Additional benefits of the preferred option compared with taking no action				
Benefit One: Preventing and reducing abuse of boarders in school hostels.	The RCOI found that survivors of abuse in care experienced ongoing harm and trauma from abuse and neglect. It estimated the lifetime cost of abuse per survivor was \$857,000 in 2019.	School hostels are acknowledged as being one of the higher risk environments for abuse in education due to the prolonged isolation of children and young people from the oversight and protection of their families. The Ministry is aware of incidents of abuse that have occurred in hostels at night in the last 5-25 years. We lack data about the scale and nature of abuse occurring in school hostels, largely due to low reporting rates and delayed reporting that often occurs with abuse. We are aware that more than half of hostels do not have supervising staff in the same building as boarders overnight and about 20 percent of hostels have boarders of different age groups sleeping in close proximity. The benefits may accrue to a relatively small number of boarders but the impacts are high for those individuals.	Ongoing benefits from preventing abuse and other harms to boarders.	Informed by findings and recommendations from the RCOI recommendations and similar international reports. ¹⁷ 18 19
Total annual benefits	The Ministry is unable to quantify the annual benefits due to lack of data about the nature and frequency of abuse in school hostels.			
Total one-off benefits	Not applicable.			
Additional costs of the preferred option compared with taking no action				
Cost One: Monitoring hostel buildings overnight Owners will need to ensure that they have a way of monitoring buildings where students are sleeping overnight.	If owners choose to install monitoring technologies in hostels (i.e., CCTV systems and alarms) one-off costs are estimated as: \$3,000 - \$12,000 for smaller systems, \$25,000 \$50,000 for mid-sized systems \$90,000 - \$150,000 for larger scale systems.	This cost could have a small to medium impact on hostel owners. Costs are expected to vary depending on size, layout of hostels and the existing supervision and monitoring arrangements. Some hostels will have no costs.	There may be one-off costs for hostels that need to update their monitoring technologies. There may also be new ongoing costs associated with maintaining these services (e.g., external service fees).	Informed by targeted engagement with the hostels sector, including a detailed online survey with the purpose of collecting data on hostel impacts for Section Two options.
Cost Two: Other compliance costs for hostel owners Staff may also need to clarify or implement practices that set out responsibility for named boarders overnight and ensure that boarders know how to contact staff at night. The degree to which hostels will need to apply these changes will depend on existing practices. Hostels will need to develop risk management plans and identify potential risks and how these will be mitigated.	Costs for developing risk management plans will vary depending on existing practices, including for risk management. Developing a risk management plan is estimated to take up to 5 hours for those who are updating an existing plan and up to 20 hours for those who are developing a plan from scratch and have larger and/or more complex hostels with more risk to manage.	This cost would have a small impact on hostel owners.	Hostels may face one-off costs to develop / update risk management plans and develop guidance or train staff on the new requirements. Many hostels have indicated they already have procedures in place, including systems to enable boarders to contact staff overnight, and risk management approaches that identify and address potential risks.	Informed by targeted engagement with the hostel sector.

¹⁷ Whanaketia, recommendations 56, 72, 73, and 74.¹⁸ Patrick Parkinson and Judy Cashmore (June 2017): *Australian Royal Commission into Institutional Responses to Child Sexual Abuse in Assessing the different dimensions and degrees of risk of child sexual abuse in institutions - Causes; Independent Inquiry into Child Sexual Abuse (England and Wales) in Residential schools investigation report, March 2022.*; UNICEF *White Paper: The role of boarding schools for vulnerable children in the Europe and Central Asia region.*¹⁹ Whanaketia, pg 58.

Nature of the benefit/cost to New Zealand	Dollar value of impact (or quantified impact)	Scale of unquantifiable impact	Nature of impact – one-off or ongoing	Source of evidence
Cost Three: Flow on costs for parents and families Compliance costs could be passed on to families through boarding fee increases, if monitoring expenses are incurred or paid staff hours are increased.	We cannot quantify the level or frequency of fee increases as we did not seek this information for the preferred option in sector engagement. Given the estimated costs and the range of current fee levels and hostel sizes, we estimate that any increase would be 1-2 percent per year ongoing.	This cost could have a small impact on parents and families of boarders.	Due to the nature of service fee rises, costs are likely to be ongoing.	Based on data from a sector engagement survey about potential fee increases arising from the more costly Option Three.
Cost Four: Administrative costs The regulator will need to update licensing and renewal application forms, develop guidance, and train staff on the new requirements and assess adequacy of risk management plans for licensing applications and renewals.	ERO will need to spend the first few months of being the regulator to establish processes, systems and resources for new (and existing) licensing requirements. Time needed to assess risk management plans is estimated to vary from two to 10 hours per plan depending on complexity and nature of issues to be addressed before acceptance.	ERO, as the new Regulator, has advised that costs will be absorbed within existing funding baselines, so this will have a small impact.	The regulator will face one-off costs to update licencing renewal application forms and guidance and/or train staff and ongoing costs for assessing risk management plans for licensing applications and renewals.	Informed by engagement with ERO, as the new Regulator.
Total annual costs	We are not able to quantify annual costs across the sector.			Not applicable
Total one-off costs	We are not able to quantify one-off costs across the sector.			
Net impacts compared with taking no action				
Total annual benefits minus costs	Due to difficulties in quantifying costs and benefits across the hostels sector we are not able to give a detailed answer. However, the relative benefits of preventing even one boarder from experiencing abuse would likely outweigh annual ongoing compliance costs across the sector. Over multiple years, benefits would likely outweigh sector one-off costs.			
Total one-off benefits minus costs				

Table 2.2 Distributional analysis

Group	How they are affected	Description of level of impact(s)	Source of evidence
Licensed hostels	See Costs One and Two in Cost Benefit Analysis Table.	See Costs One and Two in Cost Benefit Analysis Table for overall impact Some hostels will be less able to manage, and therefore, more impacted by an increase in compliance costs. These include smaller hostels who have fewer boarders from whom to collect boarding fees. It also includes hostels that are affiliated to state schools, Māori boarding schools and those serving students facing higher barriers to learning due to socio-economic issues, or historical underinvestment as in the case of some Māori boarding schools.	Targeted engagement feedback.
Children and young people	See Benefit One in Cost Benefit Analysis Table. The core benefits flow to children and young people living in hostels. We do not have data on the actual number of boarders in licensed hostels, although across the sector places have been approved for 12,000 students or on the demographic breakdown of the boarders.	See Benefit One in Cost Benefit Analysis Table for overall impact. Potentially greater benefit for male boarders as evidence shows they are more likely to experience abuse in hostels. However, the proposals are intended to improve safety and wellbeing outcomes for all boarders, including Māori and disabled learners. Implementation should consider Te Tiriti o Waitangi principles and disability rights obligations, including ensuring that complaints processes, safeguarding measures, and regulatory oversight are accessible, equitable, and responsive to the needs of these groups.	Targeted engagement feedback <i>Youth 19 Survey²⁰</i> <i>Whanaketia</i>
Parents and whānau	See Cost 3 in Cost Benefit Analysis Table.	See Cost 3 in Cost Benefit Analysis Table. A small number of families may no longer be able to afford having their child in a hostel due to fee increases. These families are more likely to have enrolled their children in state schools and their children are more likely to face barriers to learning due to socio-economic factors.	Targeted engagement feedback.

²⁰ Fenaughty, J. et al. (2023). *Te āniwaniwa takatāpui whānui: te irawhiti me te ira huhua mō ngā rangatahi* | Gender Identity and young people's wellbeing in Youth19. Youth19 Research Group, The University of Auckland and Victoria University of Wellington, New Zealand.

		Additionally, during sector engagement, the Ministry received feedback from a Māori hostel that increased flexibility would enable them to better reflect culturally relevant practices, including taking whānau considerations into account where appropriate to support pastoral care following significant incidents.	
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Proactively Released

Part Three: Stronger complaints processes

What is the current regulatory setting

Complaints processes

42. [Part 5](#) of the Regulations sets out the process for owners to manage complaints from a boarder, a boarder's parents or the school board about a hostel's compliance with regulatory obligations or licence conditions.
43. Hostel owners must acknowledge receipt of a complaint within five working days and decide whether the complaint is justified or if additional time is needed to investigate within 10 working days.²¹ Owners must notify the complainant of the outcome, including the reasons for the decision and any available appeal options under the hostel's internal processes. They must also inform complainants of the role of any external agencies that can provide assistance or take further action, depending on the nature of the complaint. These agencies may include the ERO, the regulator, the Children's Commissioner or the New Zealand Police.

What is the policy problem?

Lack of clear and accessible complaints escalation pathway

44. The regulatory framework relies on hostels to self-manage complaints. There is also no clear or consistent external escalation pathway if a complainant is dissatisfied with how their complaint has been handled. As the regulator does not have a formal function in responding to complaints. This means that complainants cannot be certain their concerns will be considered or what options may be available to them once the internal complaints process is complete.
45. The RCOI findings acknowledge that entities should have policies that enable people to make complaints to independent entities.²²

Lack of transparency and external oversight

46. Under the regulatory framework, hostels' internal complaints processes have no routine mechanism for external oversight. This limits accountability by reducing the information available to the regulator and making it harder to identify issues.
47. RCOI recommendations explicitly acknowledge the need for those providing care directly or indirectly to have policies and procedures in place to respond in a proportionate way to complaints, disclosures or incidents of abuse and neglect.²³ This includes the establishment of mandatory reporting regimes that apply to all State or faith-based entities providing care directly or indirectly to children, young people and adults in care.²⁴
48. Reporting on non-compliance issues to an external regulator may help provide valuable information about issues enabling earlier and more targeted interventions. It may also provide important information for parents and whānau when making boarding decisions by enabling families to make more informed choices about their child's safety and wellbeing.

²¹ [Regulation 68](#): Procedure for resolving complaints.

²² [Regulation 68](#): Procedure for resolving complaints, [56](#) and [65](#)

²³ *Whanaketia*, recommendations [65–69](#).

²⁴ *Whanaketia*, recommendation [69](#).

What objectives are sought in relation to the policy problem

49. To improve transparency and accountability within the regulatory system by strengthening escalation pathways and creating external oversight. This includes supporting and empowering boards, parents, families and whānau while ensuring compliance expectations remain proportionate and practical for providers.

What criteria will be used to compare options with the status quo?

50. The options are assessed against the criteria below:

Criteria	Description
Clarity and accessibility of escalation pathway	<i>The extent to which the option provides boards, parents, families, and whānau with a clear, understandable and accessible pathway for making and escalating complaints.</i>
Transparency of complaints	<i>The extent to which the option provides transparency and improves the regulator's ability to monitor and respond to hostel compliance.</i>
Regulatory burden	<i>The extent to which hostels and the regulator would be able to implement and manage compliance costs.</i>
Proportionality	<i>The extent to which the option balances benefits against the administrative and implementation costs for hostels and the regulator.</i>

51. These criteria involve trade-offs. Improving the clarity of escalation pathways and increasing transparency of complaints can strengthen boarder safety and regulatory oversight. They may also increase regulatory burden and compliance costs. Similarly, greater transparency may conflict with regulatory burden and proportionality depending on the risk being mitigated. As a result, not all criteria can be maximised simultaneously and balancing is required to ensure benefits are achieved without imposing disproportionate costs.

What scope will options be considered within?

52. The scope of options considered has not been limited by previous Ministerial or Cabinet decisions. It has been shaped by the initial commissioning from the Minister of Education to align with the recommendations of the RCOI, including that Government should review and address any barriers or constraints in enabling legislation.²⁵ As a result, non-regulatory options were not considered for this proposal as the problems identified relate to issues in the Regulations.

What options are being considered?

53. As part of the initial targeted engagement, officials sought feedback on two proposals intended to strengthen safeguards for boards: establishing a mechanism for complainants to raise concerns directly with the regulator where there were issues with a hostel's complaints process and requiring hostel owners to report complaints information annually to the regulator and publish high-level complaints data. While 69 percent of submitters agreed that the proposed escalation mechanism would strengthen safeguards, support for the reporting proposal was lower with 36 percent considering it would improve regulatory oversight and accountability.
54. While there was broad support for a direct escalation mechanism, some submitters questioned the need for an additional complaints pathway, noting the potential for

²⁵ *Whanaketia*, recommendation [86\(a\)](#)

duplication, increased administrative burden and misuse through vexatious or frivolous complaints. Submitters also highlighted the importance of clear regulatory guidance and consistent application across all hostels to support fairness, transparency and confidence in the complaints framework.

55. Submitters were generally supportive of requiring complaints information to be reported to the regulator as a means of strengthening oversight. However, there was limited support for public reporting. Many submitters considered that publishing complaints data could be misleading where complaints were unsubstantiated or lacked contextual information and could result in reputational harm for hostels without necessarily improving boarder safety or wellbeing.

56. Submitter feedback has informed the following options.

Option One – Status Quo / Counterfactual

57. The complaints process in Part Five of the Regulations remains unchanged.

Option Two – Escalation pathway and high-level reporting (preferred by Minister)

58. Option Two proposes changes to establish an escalation pathway beyond the hostel's internal processes and a high-level reporting and publication requirement on issues of hostel non-compliance.

59. The regulator will have a formal role in receiving and responding to complaints from boarders, family, and whānau regarding hostel non-compliance in situations where a complainant is dissatisfied with how the complaint is or was handled by the hostel. Complainants would be able to escalate a complaint to the regulator if they consider on reasonable grounds that the hostel has a conflict of interest.

60. Hostels would continue to be required to inform complainants of how to contact agencies that may help them if they are unhappy with how a complaint has been resolved.

61. Additionally, hostels would be required to report at least annually on high-level complaints data and the regulator would be required to publish a report summarising any non-compliance issues following a hostel inspection.

Option Three – Escalation with intensive reporting requirements

62. Option Three would include all the proposed changes in Option Two. In addition, this option introduces a requirement for hostel owners to publish intensive reporting. This includes an annual summary of complaints information and detailed reporting on complaint types, trends, resolution timeframes and actions taken in response to recurring issues, subject to privacy requirements.

How do the options compare with the status quo/counterfactual?

Criteria	Option One – Status Quo / Counterfactual	Option Two (preferred by Minister)– Escalation pathway with high-level reporting	Option Three – Escalation with intensive reporting requirements	
Clarity and accessibility of escalation pathway	Hostels will remain responsible for managing complaints and advising complainants of relevant external agencies. Clarity on escalation limited. 0	Provides a clearer pathway for complainants to escalate complaints to the regulator where they are dissatisfied with a hostel’s response or consider there is a conflict of interest. Improves confidence in the complaints system and reduces the risk that issues may remain unresolved. This requires hostels to provide clear information to complainants about escalation pathways. +	Provides a clearer pathway for complainants to escalate complaints to the regulator where they are dissatisfied with a hostel’s response or consider there is a conflict of interest. Provides detailed information relating to complaints received by hostels and how they are resolved. This may help provide boarders, parents, families and whānau with additional information on the types of complaints raised. ++	
Transparency of complaints	Limited visibility of complaint trends or systemic issues for the regulator or the public. External oversight and accountability remain unclear. 0	Annual reporting of complaints data to the regulator and publication of inspection findings would improve transparency and strengthen oversight of hostel performance. This would provide the regulator with better information to monitor compliance, identify emerging or recurring issues and target regulatory responses where concerns arise. Greater visibility of compliance information would also help boarders, parents, caregivers, families and whānau make more informed decisions about student safety and wellbeing. +	Provides enhanced transparency by requiring hostel owners to publish annual summary complaints information and more detailed reporting on complaint types, trends, resolution timeframes, and actions taken in response to recurring issues, subject to privacy requirements. ++	
Proportionality	No further costs or obligations but current limitations remain. 0	Imposes an additional but manageable obligation on hostels and the regulator that provides complainants with a new escalation complaints pathway and hostels with new reporting obligations. This new proposal is expected to provide high benefits for affected parties, with low to moderate costs for hostels and the regulator. +	Imposes moderately-high to high obligations on hostels and the regulator. Hostels would need to make annual publications relating to complaints managed in the year. The regulator would need to assess more detailed information. While the requirements would achieve the policy objective, it is likely to be disproportionate for smaller hostels or where complaint volumes are low. -	
Regulatory burden	No further costs or obligations for either regulator or hostels. 0	Low regulatory burden for hostels. Hostels would need to provide clearer information to complainants and collate and report non-compliance data. The regulator would need to receive and publish non-compliance data as part of reporting. -	There would be high regulatory impacts for both hostels and the regulator to implement this change. --	
Overall assessment	0	2	1	
Assessment key				
-- Significantly worse than the status quo	- Worse than the status quo	0 No better or worse than the status quo	+ Better than the status quo	++ Significantly better than the status quo

Cost-benefit analysis

What are the additional costs and benefits of the preferred option in the Cabinet paper?

63. Option Two, the preferred option, would provide clear benefits by creating a more accessible and transparent complaints system. It establishes a clearer pathway for complainants to escalate concerns to the regulator where they are dissatisfied with a hostel's response or where conflicts of interest may exist, supported by requirements for hostels to provide clear information about relevant agencies. It would also improve transparency by requiring the reporting of high-level annual complaints data and the publication of non-compliance issues identified through inspections.
64. These benefits would come with some costs. Hostels and the regulator would face a modest increase in regulatory burden, including obligations for hostels to provide clearer information, operate within a more transparent and escalation-focused framework and collect and report complaints data. The regulator would need to receive and publish non-compliance information. Overall, the proposal is expected to deliver high benefits for affected parties with low to low-moderate costs for hostels and the regulator.

Are the benefits of the preferred option in the Cabinet paper expected to exceed the costs?

65. The benefits of the preferred option are expected to exceed the costs. Option Two provides the best overall balance. It addresses key weaknesses in the regulatory framework without imposing the higher regulatory burden associated with Option Three. It introduces a clear escalation pathway to the regulator and improves access to external support.

Conclusion

66. This option introduces a high-level escalation and reporting framework to strengthen oversight of hostel non-compliance. It would establish a formal role for ERO as the new regulator, in receiving and responding to complaints where internal hostel processes are insufficient or compromised, including where there are concerns about conflicts of interest. The option would also introduce greater transparency through regular, high-level reporting on complaints by hostels and public reporting by the regulator on compliance issues identified through inspections.

Table 3: Cost benefit analysis of Option Two (preferred by Minister) – Escalation pathway with high-level reporting

Nature of the benefit/cost to New Zealand	Dollar value of impact (or quantified impact)	Scale of unquantifiable impact	Nature of impact – one-off or ongoing	Source of evidence
Additional benefits of the preferred option compared with taking no action				
Benefit One: Independent escalation pathway Complainants would have access to a clearer and more credible pathway to escalate concerns where they are dissatisfied with the hostel’s handling of the matter or consider the hostel has a conflict of interest.	The Ministry is unable to quantify the dollar value of the impacts of the new requirements as impacts are yet to be realised.	Medium to high impact on hostels, boarders, parents, families, and whānau and the regulator. The proposed changes would provide a clearer pathway for escalating complaints, improve transparency and visibility of complaints and support greater regulatory oversight.	The proposed option is expected to have ongoing benefits.	This change was informed by targeted engagement with the hostels sector engagement with ERO as the new regulator and RCOI recommendations. ²⁶
Benefit Two: Transparency on non-compliance data Publication of non-compliance reporting would improve transparency and accountability of the system, and provide information for parents, families and whānau to make more informed decisions.				
Benefit Three: Increased regulatory oversight The regulator would have better visibility of complaints and recurring non-compliance issues, improving its ability to identify patterns, target oversight activity and respond earlier to emerging risks.				
Total annual benefits	The changes are likely to improve accessibility and transparency of complaints processes for affected parties. However, the Ministry is unable to quantify the benefits from the new requirements.			Not applicable.
Total one-off benefits				
Additional costs of the preferred option compared with taking no action				
Cost One: Communication of complaints and referral pathway Hostels would need to update their complaints policies and communicate the new escalation and referral pathways.	The Ministry has not quantified the costs hostels may incur in updating materials and communications to inform affected parties of the new escalation pathway. Information on these costs was not sought during sector engagement and the processes and materials used to communicate with boarders, parents, caregivers, families and whānau vary across hostels.	Low to medium impact on hostels, the regulator and boarders, parents, families and whānau depending on the extent of changes required to existing complaints processes and the volume of complaints received. The changes are also likely to improve accessibility and transparency of the complaints process for boarders, parents, families and whānau.	The proposed changes are expected to have one-off costs for hostels required to develop and implement new complaints guidance material. The new escalation mechanism will result in a new ongoing compliance cost for the regulator who will have to review and assess complaints.	Qualitative analysis informed by targeted engagement with the hostels sector and ERO as the new regulator.
Cost Two: New oversight and administrative role for the regulator The regulator would incur additional operational costs from taking on a formal complaint escalation role and administrative costs from preparing and publishing annual reports on non-compliance issues.	ERO has advised that costs will be absorbed within existing funding baselines.			
Cost Three: Minor adjustment costs There may be minor administrative costs for students, their families, and whānau associated with familiarising themselves with the new requirements and expectations arising from the proposed changes.	No or little financial impact is expected to be incurred by boarders, parents, family and whānau on the proposed changes. Hostels may incur costs as part of informing affected parties of this change.			Not applicable.
Implementation costs	The Ministry is unable to quantify the costs from the new requirements.			Not applicable.
Ongoing administrative costs	The Ministry is unable to quantify the costs from the new requirements.			
Total annual costs	Dollar value costs for this change are not yet available as the changes have not been implemented. Further operational processes and practices are expected to vary across hostels.			
Total one-off costs				
Net impacts compared with taking no action				
Total annual benefits minus costs	The Ministry is unable to quantify the benefits from the new requirements.			Not applicable.
Total one-off benefits minus costs				

²⁶ Whanaketia, recommendation 69.

Table 3.1 Distributional impacts

Group	How they are affected	Description of level of impact(s)	Source of evidence
Licensed hostels	See Cost One in the Costs and Benefit Analysis Table.	See Cost One in the Costs and Benefit Analysis Table for an overview. Hostels may incur minor administrative costs to update their internal complaints processes, including informing boarders, parents, families and whānau about escalation pathways. They may also face small additional reporting costs associated with providing the regulator with at least annual, high-level information on complaints relating to non-compliance. This may require hostels to identify, record and monitor non-compliance matters. However, these changes are not expected to be overly burdensome, as they build on existing complaints management and reporting practices.	Targeted engagement feedback.
Regulator	See Benefit Two and Cost Three in the Costs and Benefit Analysis Table.	See Benefit Two and Cost Three in the Costs and Benefit Analysis Table for an overview. The new complaints escalation pathway is expected to have low to moderate impacts on the regulator, which will assume responsibility for the new formal complaints function. ERO has advised that this function can be delivered within existing baseline funding. The effectiveness of the pathway will depend on the volume of complaints received, although no significant increase in complaint volumes is anticipated. The regulator will undertake a new function of reviewing annual non-compliance reports from hostels. This is expected to provide more targeted insight into hostel non-compliance, supporting the earlier identification of emerging risks and trends. While this function will introduce some additional administrative costs associated with reviewing, addressing and publishing non-compliance information, these costs are expected to be modest and manageable within existing resourcing arrangements.	Engagement with ERO.
Children and young people, Parents and whānau		See Benefit One and Cost Three in the Cost Benefit Analysis Table for an overview. This proposed change is expected to provide boarders, parents, families and whānau with a clear and accessible pathway to escalate complaints relating to non-compliance or situations where a conflict of interest may arise. This is expected to improve confidence in the complaints process and support the fair resolution of concerns. Any costs to boarders, parents, families and whānau are expected to be minimal and primarily limited to familiarisation with the new complaint pathway. This may be particularly important for boarders and whānau who would benefit from culturally responsive escalation pathways, including tailored communication, advocacy and support mechanisms.	Not applicable.

Part Four: Regulatory powers and new requirements to support compliance monitoring

What is the current regulatory setting

67. Provisions relating to compliance monitoring are set out across the Act and the Regulations. These include provisions set out in section 470 of the Act relating to the powers to review hostel premises by ERO and licensing application/renewal criteria, suspension and cancellation and offences and penalty provisions in the Regulations.²⁷

What is the policy problem?

68. While the regulatory framework provides a broad set of oversight mechanisms, it does not provide tools for managing risks proportionately. The Regulations, for example, set out the conditions for granting and renewing licences but does not enable the regulator to vary licence durations. Instead, licensing renewals are only required where there has been a substantial change to the hostel premises or operation or a change in ownership, limiting the regulator's ability to respond to differing levels of risk.
69. Although inspection powers exist, there are no defined expectations for when inspections should occur or any minimum frequency. Inspections occur every three-years, but do not always happen within a hostel licensing cycle. This creates a risk that some hostels are not inspected at proper intervals and is not proportionate to the level of risk in the system.
70. Another concern is the absence of graduated scrutiny mechanisms available to the regulator. New hostels and those with a history of compliance issues carry a higher risk of non-compliance. The regulator's primary response is increasing the frequency of inspections. This limits its ability to apply more proportionate and targeted oversight measures that present elevated risks.
71. Existing record-keeping requirements also do not consistently support effective compliance monitoring and are limited in enabling robust oversight of safety and protection processes. These requirements also do not capture proactive indicators of risk or emerging patterns of concern. This limits the regulator's ability to monitor compliance and also means that potentially relevant information to help identify or respond to future abuse or complaints may not be adequately recorded in hostel records.

What objectives are sought in relation to the policy problem

72. To support effective compliance monitoring through clearer and more structured oversight mechanisms. This includes improving information-gathering requirements and providing proportionate enforcement tools to address non-compliance.

²⁷ Section 470 – 473 sets out provisions relating to hostels including the specific functions and powers of the Chief Review Officer (ERO), which include conducting inspections, requesting the production of documents relating to the provisions of safe physical and emotional environments that support student learning.

What criteria will be used to compare options with the status quo?

73. The options are assessed against the criteria below:

Criteria	Description
Effectiveness of compliance monitoring	<i>Assesses the extent to which the option would support more regular, systematic and timely monitoring of compliance.</i>
Proportionality and flexibility of regulator tools	<i>Assesses the extent to which an option would support the regulator to implement risk-based approaches to monitoring and compliance in a proportionate way.</i>
Quality of information for oversight	<i>Assesses the extent to which an option would support compliance monitoring and identify patterns of concern.</i>
Implementation and workability	<i>Assesses the extent to which the option would be workable, taking into account administrative burden, operational complexity and compliance costs.</i>

74. These criteria involve trade-offs. Effective monitoring and higher-quality information improve oversight but increase administrative burden and complexity, affecting workability. Conversely, greater proportionality and flexibility can reduce burden through risk-based approaches, but may limit consistency and the completeness of information. Balancing these factors is necessary to ensure monitoring is both effective and practical.

What scope will the options be considered within?

75. The options presented in this proposal have been developed in conjunction with ERO. The scope of options has also been shaped by the initial commissioning from the Minister of Education to align with the recommendations of the RCOI, including that Government should review and address any barriers or constraints in enabling legislation.²⁸ As a result, non-regulatory options were not considered for this proposal as the problems identified relate to issues in the Regulations.

What options are being considered?

76. As part of the initial targeted engagement, officials sought feedback on a proposal to require the hostels' regulator to inspect every licensed hostel at least once every three years. The proposal received strong support, with 92 percent of submitters agreeing that a three-year inspection cycle would provide an appropriate level of regulatory oversight while remaining proportionate and practical.

77. Officials also sought feedback on strengthening the licensing regime through the use of provisional or shorter-term licences for hostels with persistent or significant compliance issues. Support for this proposal was very high, with 98 percent of submitters considering it would strengthen regulatory accountability and support the safety and wellbeing of boarders.

78. In addition, officials proposed expanding record-keeping requirements to include key child protection and safety practices, such as staff safety checking and vetting, overnight supervision arrangements, use of restraint and incidents involving alleged abuse, neglect, or inappropriate behaviour that do not meet existing reporting thresholds. Ninety-three

²⁸ *Whanaketia*, recommendation [86\(a\)](#)

percent of submitters agreed that the proposal would strengthen safeguards for boarders. Submitters emphasised that effective implementation would require clear regulatory guidance, training and sector support to promote consistent compliance and practice across hostels.

79. This engagement has informed the development of options below.

Option One – Status Quo / Counterfactual

80. The compliance monitoring framework remains unchanged.

Option Two (preferred by Minister) – Periodic inspections, improved regulator tools and expanded record-keeping

81. The regulator would be required to inspect each hostel at least once during the licence period (unless it has undergone significant changes) and retains discretion to carry out additional inspections if required. The regulator could also issue shorter licences for durations under three years, where it considers it is warranted due to higher risk of non-compliance. Shorter licence timeframes enabled by the Regulator would have to reflect shorter licence fees.

82. Record-keeping would be expanded to support compliance monitoring and student safety. This would include information relating to staff safety vetting and training, child protection allegations, incidents or concerns, serious disciplinary actions, and complaints.

Option Three – Enhanced compliance monitoring and active assurance

83. The regulator would be required to inspect each hostel at least once every 18 months, issue licences for shorter periods than three years (where it considers this is warranted), and hostel owners would submit an annual compliance return, providing evidence of compliance with core safety, staffing, training, complaints-handling, incident management, and record-keeping obligations.

How do the options compare with the status quo/counterfactual?

	Option One – Status Quo / Counterfactual	Option Two (preferred by Minister) – Period inspections, shorter licences and expanded records	Option Three – Enhanced compliance monitoring and active assurance	
Effectiveness of compliance monitoring	Existing inspection powers remain, but inspections are not required during a licence period. The absence of a minimum inspection during licencing period means that there may be variability in how regularly hostels are subject to oversight and a general lack of clarity for the sector. 0	Creates a minimum level of routine oversight and reduces the risk that a hostel operates for a full licence period without inspection. The regulator also retains the ability to inspect more often where it is warranted. +	Increased inspection frequency and annual compliance returns would support more active monitoring and follow-ups likely enabling for better identification of emerging risks. ++	
Proportionality and flexibility of regulatory tools	Licensing tools remain unchanged, with standard three-year licence periods. This retains the increased inspection activity as the primary response available to the regulator. 0	Gives the regulator a graduated tool between a standard licence and stronger interventions, enabling for a more proportionate regulatory response that does not rely on the standard three-year licence. ++	Provides the regulator with additional tools, including shorter licence periods and corrective action plans however is less proportionate as inspections and annual compliance returns would apply indiscriminately increasing workload for both hostels and the regulator who would have to review the returns. +	
Quality of information for oversight	Existing record requirements remain focused mainly on administrative and health-related information. 0	Expands record keeping including safety and compliance relevant information, staff safety checking, vetting and training, staff work patterns, child protection concerns, serious sanctions and complaints. This would provide and support the regulator in assessing compliance enabling for better informed regulatory decisions. +	Provides the strongest information base through expanded records, annual compliance returns and more frequent inspections. ++	
Implementation and administrative impact	No further costs or obligations but current limitations in oversight, flexibility and system visibility remain. 0	Imposes additional but manageable costs. Hostels would need to maintain broader records and participate in at least one inspection per licence period. The regulator would need to plan a minimum inspection cycle, but the requirements align with the existing licencing period of three-years. Hostel fees would also need to reflect shorter licence periods when issued. –	The option has significant implementation impacts. More frequent inspections and annual compliance returns would require greater regulatory capacity and create significant workload for both the regulator and hostels. --	
Overall assessment	0	3	3	
Assessment key				
-- Significantly worse than the status quo	- Worse than the status quo	0 No better or worse than the status quo	+ Better than the status quo	++ Significantly better than the status quo

Cost-benefit analysis

What are the additional costs and benefits of the preferred option in the Cabinet paper?

84. Option two provides additional benefits by establishing a clear and consistent baseline by requiring each hostel to be inspected at least once within its three-year licence period, improving the regularity and transparency of compliance monitoring while being practical to implement. Although it requires some additional regulatory capacity and modest compliance effort from hostels, these obligations are well-defined and proportionate, with shorter licence periods able to be applied in a targeted way where risks warrant closer oversight.
85. It is important to note that hostel licence fees are set at fixed three-year intervals. There is a need to consider the impact on hostel fees for those granted a shorter licence period. The Ministry intends to begin a review of hostel licenses fees in the second half of 2026.

Are the benefits of the preferred option in the Cabinet paper expected to exceed the costs?

86. The benefits of this option outweigh the costs by strengthening oversight and supporting more informed regulatory decisions while keeping implementation manageable. Requiring at least one inspection per licence period ensures a baseline level of scrutiny and reduces the risk of undetected non-compliance while still allowing the regulator to target higher-risk hostels with additional inspections. The ability to set shorter licence periods provides a proportionate, flexible tool to respond to risk without imposing blanket requirements. Expanded record-keeping improves the quality of information available for monitoring and decision-making. Although this introduces some additional administrative effort for hostels and the regulator, these costs are modest, align with existing licensing cycles, and are justified by the resulting improvements in safety, accountability and oversight.

Conclusion

87. This option introduces a more structured and risk-based monitoring framework to strengthen oversight and accountability. It would require regular inspection of hostels within each licensing period (set at three-year periods) with flexibility for the regulator to undertake additional inspections or issue shorter licence durations where risks warrant closer oversight. The option would also expand record-keeping requirements to support compliance monitoring and student wellbeing, ensuring hostels maintain key information on safety practices, incidents and complaints.

Table 4: Cost benefit analysis of Option Two (preferred by Minister) – Periodic inspections, shorter licences and expanded records

Nature of the benefit/cost to New Zealand	Dollar value of impact (or quantified impact)	Scale of unquantifiable impact	Nature of impact – one-off or ongoing	Source of evidence
Additional benefits of the preferred option compared with taking no action				
Benefit One: Improving Hostel Compliance Clearer record-keeping requirements would improve certainty about what information must be retained, supporting compliance with child safety requirements and providing a stronger evidence base for monitoring and oversight.	The Ministry is unable to quantify the dollar value of the impacts of the new requirements as impacts are yet to be realised.	Medium to high impact on hostels, boarders, parents, families and whānau, and the regulator, depending on the extent of changes required to hostel’s existing record-keeping practices and regulatory oversight. .	These changes are expected to have ongoing impacts.	Informed by findings and recommendations from the RCOI recommendations and with engagements with ERO as the new regulator. ²⁹
Benefit Two: Improving Regulatory Oversight Regular inspections, improved record-keeping, and more flexible licensing arrangements would strengthen the regulator’s ability to monitor compliance, identify emerging risks earlier and take informed regulatory action where needed.				
Total annual benefits	We are not able to quantify annual costs across the sector.			Not applicable.
Total one-off benefits	We are not able to quantify annual costs across the sector.			
Additional costs of the preferred option compared with taking no action				
Cost One: Record keeping compliance costs Expanded record-keeping requirements would require hostels to keep information on key items such as safety checking, vetting and training, child protection concerns and serious complaints. Some will already keep this information.	Hostels may be required to adopt to new expanded record-keeping requirements requiring one-off costs to develop guidance and/or support staff through training. The monetised cost of this is unknown.	Low to medium impacts are expected for hostels who will have to update their record-keeping practices. The degree of this change will depend on existing record-keeping practices of hostels. Low to medium impact on hostels subject to a shorter licence will have to pay fees more often. This cost is expected to be pro-rated to reflect cost-recovery.	One off cost may be required to develop guidance and support staff with training on how to give effect to the new expanded record-keeping requirements.	Not applicable.
Cost Two: More frequent fees for shorter licences Hostels subject to shorter licence periods would need to apply for renewal and pay renewal fees more often. This burden would be targeted to hostels where closer oversight is required to address heightened risk of harm.	The costings for shorter license fees are likely to be pro-rated to reflect lower cost-recovery elements. A work programme to review hostel licence fees is set to be undertaken in 2026/27.		The nature of this impact will depend on the hostel’s ability to satisfy the licencing requirements.	
Cost Three: Regulator administration costs The Regulator would need to plan and undertake at least one inspection of each hostel during its licence period, and may need to make minor updates to guidance and operational processes, including assessment of new record keeping requirements.	The regulator may face one-off costs to develop guidance and/or support staff on reviewing the proposed expanded records. These costs are expected to be met within baseline funding.	The proposed change is expected to have low to moderate impacts on the regulator, which will be responsible for reviewing and administering the new record-keeping requirements. The changes to licensing reviews are not expected to result in substantial operational changes and are likely to require only minor updates to existing processes and practices.	One off cost may be required to develop guidance and support staff with training on how to give effect to the new expanded record-keeping requirements.	Informed by engagement with ERO, as the new Regulator.
Implementation costs	Implementation costs are expected for these changes, including one-off costs for both hostels and the regulator to develop guidance and training to support the expanded record-keeping requirements. Hostels subject to shorter licence periods would also face more frequent renewal costs, which may be passed on to parents or caregivers at the hostel’s discretion. Whether these costs are ongoing or one-off will depend on the outcome of each hostel’s licence renewal.			Not applicable.
Ongoing administrative costs				
Total annual costs	We are not able to quantify one-off costs across the sector.			
Total one-off costs	We are not able to quantify one-off costs across the sector.			
Net impacts compared with taking no action				
Total annual benefits minus costs	Due to difficulties in quantifying costs and benefits across the hostels sector, we are not able to give a detailed answer.			Not applicable.
Total one-off benefits minus costs				

²⁹ Whanaketia, recommendation 81

Table 4.1: Distributional impacts

Group	How they are affected	Description of level of impact(s)	Source of evidence
Licensed hostels	See Costs One and Two in Cost Benefit Analysis Table.	See Costs One and Two in Cost Benefit Analysis Table for overall impact.	Targeted engagement feedback.
Regulator	See Benefit Two and Cost Three in the Cost Benefit Analysis Table.	See Benefit Two and Cost Three in the Cost Analysis Table for overall impact.	Engagement with ERO.
Children and young people	See Benefit One and Two in the Cost Benefit Analysis Table.	See Benefit One and Two in the Cost Benefit Analysis Table for overall impact. The proposed changes would provide the regulator with greater assurance that hostels are maintaining appropriate safety and wellbeing information, through additional requirements to record and retain key safety information. This, in turn, would increase confidence that hostels are meeting expected safety standards for boarders.	Not applicable.
Parents and whānau	See Benefit One and Two, and Costs Four in the Cost Benefit Analysis Table.	See Benefit One and Two, in the Cost Benefit Analysis Table for overall impact. Expanded record-keeping requirements and the assurance that hostels would be reviewed at least once during each licence period would provide parents and whānau with greater confidence that safety and wellbeing expectations are being met. Hostels issued shorter licence periods may face more frequent renewal costs and, at their discretion, may pass some of these costs on to parents and caregivers.	Targeted engagement feedback

Part Five: Proposal on supporting the transfer of regulatory functions to the Education Review Office

What is the current regulatory setting

88. Hostels are required to apply to have their licences renewed every three years. Since the passing of the Education and Training (System Reform) Amendment Act 2026 in June, licencing and enforcement functions have transferred from the Ministry to ERO. This change is set to come into force in September 2026.

What is the policy problem?

89. Approximately 80% of the 87 existing hostel licences are due for renewal within the same 9-to-10-month period every three years. ERO have indicated that would be beyond its capacity to manage the peak period of renewals within reasonable timeframes while maintaining quality and consistency.

90. This creates a risk for both the regulator and hostel owners. For the regulator, a concentrated renewal cycle could create workload pressure and reduce the time available for individual assessment and make it more difficult to prioritise higher-risk applications. For hostel owners, it could create uncertainty about renewal timeframes and increase the risk of delays in licensing decisions. This could increase the risk that student wellbeing and safety concerns are not identified or addressed in a timely way. It could also reduce confidence in the effectiveness of the licensing system during the transition to ERO as the future authority.

What objectives are sought in relation to the policy problem

91. To maintain ERO's hostel licensing operational efficiency.

What criteria will be used to compare options with the status quo?

92. The options are assessed against the criteria below:

Criteria	Description
Maintenance of safety and compliance safeguards	<i>The extent to which the option enables ERO to maintain appropriate oversight of boarder safety and hostel compliance during the transition.</i>
Certainty for hostel owners	<i>The extent to which the option provides hostel owners with clear, predictable transitional arrangements.</i>
Ease of implementation	<i>The ease with which the option can be implemented.</i>

93. The criteria mainly involve a trade-off between maintaining safety and compliance safeguards and ease of implementation. Stronger oversight improves safety but increases complexity and effort, while simpler approaches are easier to implement but risk weakening oversight, requiring a careful balance.

What scope will the options be considered within?

94. The options presented in this proposal have been developed in conjunction with ERO. The scope of options has also been shaped by the initial commissioning from the Minister of Education to align with the recommendations of the RCOI, including that Government

should review and address any barriers or constraints in enabling legislation.³⁰ As a result, non-regulatory options were not considered for this proposal as the problems identified relate to issues in the Regulations.

What options are being considered?

Option One – Status Quo / Counterfactual

95. Option One would maintain the current licensing system with no transitional provisions.

Option Two (preferred by Minister) – Periodic inspections, improved regulator tools and expanded record-keeping

96. This option would introduce a transitional provision that would enable ERO (as the future regulator) to extend hostel licences for up to three-years for hostels whose licences expire between October 2026 and July 2028.

How do the options compare with the status quo/counterfactual?

	Option One – Status Quo / Counterfactual	Option Two (preferred by Minister)– Discretion to stagger licence extensions for up to three-years	
Maintenance of safety and compliance safeguards	Existing safety and compliance standards would remain in place. However, the concentrated workload could affect ERO’s ability to maintain effective oversight and undertake other regulatory activities during the transition period. 0	Allows ERO to conduct a more structured transition enabling more time for consideration of hostel compliance history, recent inspections, safety or wellbeing concerns and other matters when determining extensions. ++	
Certainty for hostel owners	Current expiry dates would be retained, but potential renewal delays could create uncertainty for hostels if ERO is unable to process renewals efficiently. 0	Provides a structured transition enabling greater predictability on renewal processes taking place as planned. However, there would need to be clear communication to support transparency and consistency. +	
Ease of implementation	No changes would be required to implement/continue with current licencing renewals. 0	Upfront planning and individual decisions would be required. The option would support a more durable and manageable renewal cycle providing greater confidence in the system overall. +	
Overall assessment	0	4	
Assessment key			
-- Significantly worse than the status quo	- Worse than the status quo	0 No better or worse than the status quo	++ Significantly better than the status quo

³⁰ Whanaketia, recommendation [86\(a\)](#)

Cost-benefit analysis

What are the additional costs and benefits of the preferred option in the Cabinet paper?

97. Option Two would provide ERO with the ability to stagger licence renewal dates through targeted licence extensions of up to three years, making it the most effective and proportionate approach to addressing the current concentration of renewals. It would allow ERO to take account of factors such as a hostel's compliance history, recent inspection findings and any known safety or wellbeing concerns when determining whether a licence should be extended and for how long. This would support a more risk-based approach, enabling lower-risk hostels to move into a more sustainable renewal cycle while ensuring higher-risk hostels can be reassessed sooner. The option also provides a durable solution by smoothing renewal activity over time and reducing the risk of future renewal peaks.
98. However, additional administrative effort would be required for ERO to assess and document licence extension decisions, as well as the need for clear communication to providers about difference licence terms.

Are the benefits of the preferred option in the Cabinet paper expected to exceed the costs?

99. The benefits of Option Two are expected to outweigh the costs, as it directly addresses the licensing renewal peak and enables ERO to maintain stronger oversight of the system. It allows ERO to assess each hostel's circumstances on a case-by-case basis to ensure compliance with regulatory requirements, while also reducing the risk of a concentrated renewal workload under the status quo.

Conclusion

100. This option would introduce a transitional provision that would enable ERO to extend hostel licences for up to three-years for hostels whose licences expire between October 2026 and July 2028.³¹

³¹ The Ministry of Education is the current licensing authority and regulator. Changes included as part of the Education and Training (System Reform) Amendment Act 2026 have transferred this function to the Education Review Office (ERO)

Table 4: Cost benefit analysis of Option Two (preferred by Minister) – Discretion to stagger licence extensions for up to three-years

Nature of the benefit/cost to New Zealand	Dollar value of impact (or quantified impact)	Scale of unquantifiable impact	Nature of impact – one-off or ongoing	Source of evidence
Additional benefits of the preferred option compared with taking no action				
Benefit One: Effective transition processes for ERO Enables ERO to have a more sustainable and smoother licence renewal process that supports continuity of regulatory oversight by reducing pressure on assessment capacity.	The Ministry is unable to quantify the dollar value of the impacts of the new requirements.	High impact on ERO. The proposed change would enable more efficient licence renewal processes using extensions, reducing administrative pressures associated with renewals. It would also support ERO to maintain continuous oversight of hostels, contributing to boarder safety and wellbeing through more effective and responsive licensing arrangements.	The proposed changes are expected to have ongoing impacts.	The proposals were developed in consultation with ERO as the new regulator.
Benefit Two: Licence extensions Enables ERO to grant longer extensions to lower-risk hostels and shorter or no extensions where compliance, safety, and wellbeing, or operational concerns arise.				
Total annual benefits				
Total one-off benefits	The Ministry is unable to quantify the benefits from the new requirements.			
Additional costs of the preferred option compared with taking no action				
Cost One: Implementation costs One-off implementation costs to develop the processes, communications plan, for deciding whether to extend affected licences and for how long. ERO may need to update systems to record varied expiry dates and manage the new renewal schedules.	The Ministry is unable to quantify the dollar value of the impacts of the new requirements.	The proposed change is expected to have a medium impact ERO as the new regulator who may need to develop processes and/or guidance to determine when to grant extensions. Boarders, parents, families and whānau may also be impacted if licence renewals are deferred due and risks fail to be identified.	The proposed changes are expected to have one-off costs to develop guidance and/or train staff on when to grant extensions.	The proposals were developed in consultation with ERO as the new regulator.
Cost Two: Boarder safety risks There may be potential impacts to boarder safety if licensing renewal processes are deferred and risks fail to be identified and addressed.				
Implementation costs	One-off implementation costs may be required to communicate the new changes to the sector and train/develop guidance on when to use the extension powers.			Not applicable
Ongoing administrative costs				
Total annual costs	ERO, as the new regulator, has advised that the costs of the new extension powers are expected to be met within baseline funding.			Not applicable
Total one-off costs				
Net impacts compared with taking no action				
Total annual benefits minus costs	As benefits or costs cannot be quantified, we are not able to provide this information.			Not applicable.
Total one-off benefits minus costs				

Part Six: Delivering an option

What are the next steps for implementing the legislation?

101. The Education and Training (System Reform) Amendment Act 2026 came into law in June 2026 containing amendments that transferred regulatory functions from the Ministry to ERO. The transfer will take place September 2026. As the new regulator, ERO will build on its existing operating model to deliver these additional responsibilities, including implementing the new regulatory requirements introduced through this proposal.
102. The amendments to the Hostel Regulations are planned to be in place in late November 2026. Several of the amendments place new requirements on hostel owners related to overnight supervision, sleeping spaces, risk management plans, complaints data reporting and record keeping. ERO will also need to set up its new complaints process. ERO, with the support of the Ministry, will be developing sector guidance and templates, as well as circulate information and guidance around the hostels sector from the beginning of the 2027 school year. ERO will also need to modify its existing compliance monitoring systems to ensure the new requirements are incorporated.
103. The new overnight supervision and sleeping space requirements have a delayed commencement of one year. This is intended to provide additional time for hostel owners to comply with these more complex requirements.

How will the proposal be monitored, evaluated, and reviewed?

104. The proposals in this RAS relate to Phase One: Child Protection. They aim to address child protection gaps identified by the RCOI. Phase Two: Pastoral Care is expected to occur in 2027. This phase will focus on pastoral care responsibilities to address student wellbeing and safety issues. It will also be a chance to fill any remaining gaps after policy decisions are made for the cross-government response to the RCOI.
105. As part of its review process, the Ministry intends to review the new regime in 2028 – 2029 to determine whether the changes are delivering the expected outcomes.

Treaty of Waitangi Implications

The proposals in this paper form part of the Government's response to the RCOI, aimed at ensuring the hostel regulatory system keeps students safe and well, and enables appropriate action when safety or wellbeing is at risk. The preferred options strengthen regulation by improving compliance monitoring, clarifying boarder safety requirements, strengthening complaints pathways, and supporting a more efficient licensing system.

These proposals have Te Tiriti o Waitangi implications as they relate to the safety, wellbeing, privacy, and interests of students living away from home, including Māori boarders and their whānau. The RCOI found Māori were disproportionately placed in care and experienced higher rates of abuse, highlighting systemic issues in residential settings. The proposals are expected to support Treaty obligations by strengthening safeguards, improving visibility of risks, and providing clearer pathways for raising concerns. While they do not directly affect Treaty settlements, implementation should consider Māori interests, including safe complaints processes and impacts on Māori boarding contexts. This work relates to Phase One (Child Protection), with Phase Two planned to address broader pastoral care needs, including Māori understandings of hauora.

Article 1: Kāwanatanga

The preferred options support the Crown's role in maintaining an effective regulatory framework for the safety and wellbeing of children, including Māori boarders, in hostel settings. Given the disproportionate impact of abuse for Māori boarders found through the RCOI, the changes to license period, minimum expectations for overnight supervision and sleeping space arrangements support stronger kāwanatanga settings. This makes the supervision requirements clearer and improves the enforceability of the regulatory framework, while avoiding a highly prescriptive model that may not fit all hostel settings, including Māori boarding schools.

The preferred complaints proposal also strengthens good governance by giving Māori boarders, parents, caregivers, and whānau with a clear escalation pathway to the regulator. This is important where whānau may be dissatisfied with a hostel's response or consider that the hostel has a conflict of interest. It helps ensure that concerns about hostel safety or non-compliance are not left solely to the provider that is the subject of the complaints. Additionally, the proposed expanded record-keeping requirements ensures that key information relating to boarder safety and wellbeing, including abuse allegations, are recorded and kept in line with the Care Records Framework and Archives New Zealand's Care Record Definition. This proposal supports RCOI recommendations, which identified that Māori survivors often experienced poor record keeping information and practice.³²

Article 2: Tino Rangatiratanga

The preferred options do not directly increase tino rangatiratanga for Māori but they do enable Māori to raise concerns and exercise autonomy in the hostel regulatory system.

There are 5 Māori boarding schools in New Zealand. Each of these boardings schools rangatiratanga by creating environments where ākonga live and learn as Māori, with language, culture, and identity embedded across both schooling and hostel life.

³² [Abuse in Care - Para 213 \(Record keeping\)](#).

The preferred boarder safety option would support Māori boarders by setting clearer minimum safeguards while allowing hostels to manage risks in ways that reflect their own contexts. This is important because hostels may differ in size, layout, staffing model, and cultural contexts. A risk management approach allows hostels to show how they will meet minimum safety requirements without requiring a single operating model that may not suit all communities or providers, including Māori boarders and Māori boarding schools. This is particularly important for Māori boarding schools who have historically been underfunded and may not be able to access the resources to apply the alternative proposal changes without significant operational and capital costs.

For parents, caregivers, and whānau, the preferred proposal also supports a stronger role in protecting and advocating for Māori boarders. The preferred complaints proposal would provide clearer information about how concerns can be raised and escalated and should be implemented in a way that enables whānau to support boarders through complaints processes. The proposals may also support Māori boarding schools by making expectations clearer, while retaining flexibility and autonomy over how minimum safeguards are met enabling Māori boarding schools to reflect and implement practices that are culturally grounded and relevant for them.

Article 3: Ōritetanga

The preferred options are expected to support more equitable outcomes by strengthening minimum safeguards across all licensed hostels, while providing a more consistent baseline of care for Māori boarders. These include more regular compliance monitoring, clearer expectations for overnight supervision and sleeping arrangements, explicit prohibitions on corporal punishment and seclusion, and improved complaints pathways. Together, these changes are intended to reduce variability in safety standards and ensure that protections for boarders do not depend on the practices or resources of individual hostels.

For Māori boarders, these changes aim to reduce risks associated with inadequate supervision, unsafe environments, or ineffective complaints processes. At the same time, achieving equitable outcomes will likely require ongoing attention to how the regulatory framework recognises and supports culturally grounded approaches to care, including those developed by Māori providers and communities. The proposed changes in this proposal provide hostels, including Māori boarding schools, with increased flexibility that may enable these hostels to respond in culturally appropriate ways.

For Māori parents, caregivers, and whānau, the proposals would improve access to information and clarify pathways for raising and escalating concerns. Clearer complaints processes and greater transparency through regulatory reporting are intended to support confidence in the system. However, these measures will need to be complemented by efforts to ensure accessibility, responsiveness, and trust, including engagement with whānau and Māori stakeholders in how the system operates in practice.