



## COVERSHEET

<b>Minister</b>	Hon Nicola Willis	<b>Portfolio</b>	Economic Growth
<b>Title of Cabinet paper</b>	Enabling not-for-profit charter schools to access All of Government contracts	<b>Date to be published</b>	19 May 2025

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
March 2025	Enabling not-for-profit charter schools to access All of Government contracts	Office of the Minister for Economic Growth
26 March 2025	Enabling not-for-profit charter schools to access All of Government contracts ECO-25-MIN-0024 Minute	Cabinet Office

### Information redacted

**YES / NO** (please select)

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## In Confidence

Office of the Minister for Economic Growth

Cabinet Economic Policy Committee

## Enabling not-for-profit charter schools to access All of Government contracts

### Proposal

- 1 This paper seeks agreement to allow *not-for-profit* charter schools to access the All-of-Government (AoG) contracts.

### Relation to government priorities

- 2 The proposal supports the Government's priority to encourage cost-savings in public spending.

### Executive Summary

- 3 Charter schools are not able to purchase from All of Government (AoG) contracts based on current eligibility criteria. This means they do not reap the same commercial benefits for common goods and services available to state schools and government agencies through the AoG contracts.
- 4 I propose that charter schools, that are defined as *not for profit* in their contract with the government, be given access to AoG contracts. This update will be effective from the date Cabinet approves this paper.
- 5 Charter schools that are defined as *for-profit* in their contract with the government will not be eligible to use AoG contracts because this could result in government cross subsidising private business interests and would be inconsistent with the objective of AoG contracts leveraging government's buying power for the benefit of government and the taxpayer.

### Background

- 6 The AoG contracts deliver cost and efficiency savings, to the benefit of the taxpayer. They save money by leveraging the collective purchasing power of government and reducing duplication. They drive efficiencies for government and suppliers through standardised processes and effective supplier relationship management, improving service quality for both government and suppliers.
- 7 The Ministry of Business, Innovation and Employment (MBIE) has established and centrally manages 19 AoG contracts. These cover a range of common goods and services such as office supplies, electricity, reticulated gas, motor vehicles, air travel, consultancy services, banking, and external legal services.
- 8 The organisations that are automatically eligible to use the AoG contracts were agreed by Cabinet in 2013 [SEC Min (13) 19 refers]. These organisations are listed in

Annex One. They are all government owned entities, including central government agencies, Crown entities, state-owned enterprises, and local authorities.

**Charter schools are not eligible to use the AoG contracts**

- 9 State schools and integrated schools<sup>1</sup> are automatically eligible to use AoG contracts because a School Board of Trustees is legally defined as a Crown entity<sup>2</sup> and all Crown entities are defined as eligible agencies.
- 10 Charter schools are not automatically eligible to purchase from AoG contracts because, although they receive the majority of funding from government, they are not legally defined as a Crown entity.
- 11 This means charter schools do not reap the same commercial benefits that state schools and government agencies access for common goods and services available through the AoG contracts.

**Charter schools' governance and funding**

- 12 The funding model for charter schools has been developed to provide broadly equivalent funding to that of a similar state school. Charter schools will be governed by a sponsor - an organisation or individual that signs a contract with the Crown to operate the school and achieve contracted outcomes. Like state schools, charter schools will be required to provide free education and enrolment and will be accountable to Government for achieving educational outcomes.
- 13 Sponsors may operate a charter school as *not-for-profit* or *for-profit* and this along with the educational outcomes they must achieve, is set out in the contract they have with the Crown.

*Access to AoG contracts would deliver savings for charter schools*

- 14 The AoG contracts deliver cost and efficiency savings. They save money by leveraging collective purchasing power and reducing duplication. Allowing charter schools to use the AoG contracts would mean they benefit in terms of time saved, reduced risk and cost savings. This could result in benefit to the government and the taxpayer.

*Not-for-profit charter schools*

- 15 Like state schools, *not-for-profit* charter schools' primary objective will be to deliver the educational outcomes set out in their contract, not to generate profit.
- 16 Given this, we would expect that a *not-for-profit* charter school would reinvest any savings resulting from access to the AoG contracts into providing the educational services they are contracted to deliver to the benefit of the government and the taxpayer.
- 17 On this basis, allowing *not-for-profit* charter schools to use the AoG contracts would be broadly consistent with the framework and criteria approved by Cabinet in 2013. I

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<sup>1</sup> Integrated schools used to be private schools that are now part of the state school system but still have a special character, usually a connection to a religion or philosophy. Integrated receive the same government funding as state schools.

<sup>2</sup> Private schools are not eligible to use the AoG contracts because they are not Crown entities.

## IN CONFIDENCE

am proposing that *not-for-profit* charter schools be defined as eligible to use the AoG contracts.

### *For-profit charter schools*

- 18 *For-profit* charter schools will be able to make a profit by meeting their contracted targets at a lower-than-expected cost. This is intended to incentivise them to operate efficiently and effectively. If they make a profit this can be distributed to the owner or sponsor.
- 19 This means that allowing *for-profit* charter schools to use the AoG contracts could support private entities to derive a profit, resulting in government cross subsidising private business interests. This would be inconsistent with the objective of AoG contracts leveraging government's buying power for the benefit of government and the taxpayer.
- 20 Because of this I propose that *for-profit* charter schools will not be defined as eligible to use the AoG contracts.

### **Implementation**

#### *Time frame for implementation*

- 21 I propose that *not-for-profit* charter schools are defined as eligible to access the AoG contracts immediately from the date on which Cabinet approves this paper.

### **Cost-of-living Implications**

- 22 This proposal does not have cost of living implications.

### **Financial Implications**

- 23 Individual charter schools will be able to choose whether they purchase through the AoG contracts based on the cost-savings and value for money benefits.

### **Legislative Implications**

- 24 No legislative implications have been identified.

### **Impact Analysis**

#### **Regulatory Impact Statement**

- 25 A Regulatory Impact Analysis is not required.

#### **Population Implications**

- 26 This proposal will not impact on specific population groups.

#### **Human Rights**

- 27 No human rights implications have been identified in this paper.

#### **Consultation**

- 28 The Ministry of Education and the Charter Schools Agency have been consulted.

### Communications

29 I expect to announce this as soon as is practical after Cabinet has made its decision.

### Proactive Release

30 This paper will be proactively released within 30 business days of final decisions being taken by Cabinet, subject to redactions, as appropriate under the Official Information Act 1982.

### Recommendations

The Minister for Economic Growth recommends that the Committee:

- 1 **note** that allowing *not-for-profit* charter schools access to the AoG contracts could benefit the government and the taxpayer through reduced risk and cost savings.
- 2 **note** that allowing *not-for-profit* charter schools access to AoG contracts would be broadly consistent with the current eligibility framework and criteria set by Cabinet.
- 3 **agree** to define *not-for-profit* charter schools as eligible to use the AoG contracts.
- 4 **agree** that from the date on which Cabinet approves this paper *not-for-profit* charter schools be able to access AoG contracts.

Hon Nicola Willis

Minister for Economic Growth

**Annex A: Definition of eligible agencies and eligibility test**

**Eligible agencies**

- a) each public service department, as defined in Schedule 2 of the Public Service Act 2020;
- b) the New Zealand Defence Force, the New Zealand Police, the New Zealand Security Intelligence Service, the Parliamentary Counsel Office, the Office of the Clerk of the House of Representatives and the Parliamentary Service;
- c) each Crown entity, as defined in section 7 of the Crown Entities Act 2004;
- d) each organisation listed in the fourth schedule of the Public Finance Act 1989;
- e) The Reserve Bank of New Zealand;
- f) The Office of the Controller and Auditor-General, the Office of the Ombudsmen, and the Office of the Parliamentary Commissioner for the Environment;
- g) each corporation listed in the first schedule to the State Owned Enterprises Act 1986;
- h) each local authority, as defined in section 5 of the Local Government Act 2002; and
- i) any other, person, organisation or entity that does not fall within the above categories but which the Lead Agency and the Procurement System Leader determines should be treated as an Eligible Agency for the purposes of this Agreement.