



Dear [REDACTED]

Thank you for your email of 7 June 2017 to the Ministry of Education (the Ministry) requesting the following information:

- *A copy of any reports, briefings and advice, presented to Ministers that are specifically about the initial investigation into non-compliance with the Holidays Act 2003.*

Your request has been considered under the Official Information Act 1982 (the Act).

The Schools Sector payroll is the largest single payroll in New Zealand. Each year approximately 120,000 teaching, specialist and support staff are paid a total of \$4.6 billion across 2,500 state and state integrated schools.

The schools sector payroll is complex. While individual schools are the legal employer of their staff, the Ministry is responsible for their payroll. We contract Education Payroll Ltd (EPL) to manage this system on our behalf.

The Ministry, EPL and independent advisers Deloitte carried out an initial high level review of the schools payroll to examine whether it complied with the Holidays Act 2003.

The review, which was completed in December 2016, has identified areas of non-compliance. The general areas of non-compliance relate to the way pay for different types of leave have been recorded, calculated and applied. This issue is not unique to the schools payroll. Many private and public sector organisations have been, or are currently dealing with this issue.

What the review made clear is that a significant amount of work is required to identify the full scope and scale of the issues. The review outlined a high level work programme that will seek to confirm those areas of non-compliance, to implement system and process changes to ensure that the payroll is compliant in future, and calculate and deliver remediation to affected staff to address past non-compliance. This work programme informed our bid through Budget 2017 for funding of \$15.386 million over 2017/18 and 2018/19 to ensure changes to the service are well thought out, including the implications for schools and their staff. It will take some time to undertake detailed analysis and then to resolve non-compliance with the Holidays Act 2003.

The Ministry will keep school staff well informed and involved in this work. We are committed to working with the sector, particularly unions and staff representatives, during this process.

We have identified 6 documents in scope of your request. These documents and our decision on release are attached as **Appendix A**.

Thank you again for your email. If you have further questions please feel free to contact our media team in the first instance at media.team@education.govt.nz.

If you are unsatisfied with my response, you have the right to ask an Ombudsman to review it. You can do this by writing to info@ombudsman.parliament.nz or Office of the Ombudsman, PO Box 10152, Wellington 6143.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Kim Shannon', is positioned above the printed name.

Kim Shannon
Head of Education
Education Infrastructure Service



Appendix A

	Date	Type	Title	Decision on release
1A	29/03/2016	Aide Memoire	Education Payroll Limited's initial estimate of Holidays Act non-compliance costs (METIS 990696)	Release in part. Information is withheld under sections 9(2)(f)(iv) and 9(2)(g)(i) of the Act.
1B	29/03/2016	Letter	Holidays Act Compliance	Release in part. Information is withheld under section 9(2)(f)(iv) of the Act.
2	25/11/2016	Education Report	Holidays Act Compliance Review Update (METIS 1037128)	Release in full.
3	06/12/2016	Report	School Sector Payroll Holidays Act Compliance Review	Release in full.
4	10/02/2017	Briefing	In confidence: Schools payroll (METIS 1045529)	Release in part. Information is withheld under sections 9(2)(a) of the Act and 9(2)(f)(iv) of the Act. Out of scope sections have been deleted.
5	22/02/2017	Education Report	Holidays Act Compliance Review Update (METIS 1046490)	Release in part. Information is withheld under section 9(2)(f)(iv) of the Act. Out of scope sections have been deleted.