

**Education Report: Agreement to new education and care service opt-in funding rates and teacher pay requirements**

<b>To:</b>	Hon Jan Tinetti, Minister of Education		
<b>Cc:</b>	Hon Jo Luxton, Associate Minister of Education		
<b>Date:</b>	31 August 2023	<b>Priority:</b>	High
<b>Security Level:</b>	In Confidence	<b>METIS No:</b>	1317123
<b>Drafter:</b>	Lawrence Gao	<b>DDI:</b>	04 463 8971
<b>Key Contact:</b>	John Brooker	<b>DDI:</b>	9(2)(a) [REDACTED]

**Purpose of Report**

This report seeks your agreement, under authority provided to you by section 548 of the Education and Training Act 2020, to new education and care funding rates for education and care services, and new pay step requirements for certificated teachers as a condition of receiving the new funding rates, following decisions by Social Wellbeing Committee on Wednesday 30<sup>th</sup> of August.

**Recommended Actions**

The Ministry of Education recommends you:

- a. **agree** to the new salary scales in Annex One;

**Agree / Disagree**

- b. **agree** to the funding rates in Annex Two, which incorporate funding to reflect the new education and care service salary scales;

**Agree / Disagree**

## Proactive Release

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- c. **agree** that this Education Report is proactively released, with any information needing to be withheld done so in line with the provisions of the Official Information Act 1982.

☒ Agree / ☐ Disagree

  
John Brooker  
**General Manager**  
**Te Pou Kaupapahere**

31/08/2023

  
Hon Jan Tinetti  
**Minister of Education**

31/08/2023

## Background

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1. Since Budget 2021, the government has used an opt-in funding system to implement pay parity for education and care services. The most recent change was introduced in Budget 2023 which enabled services to opt-in to a third set of funding rates, called Full Parity, from 1 November 2023. To opt-in to these funding rates, services need to attest to paying their certificated teachers according to the Kindergarten Teachers, Head Teachers and Senior Teachers' Collective Agreement (KTCA) pay scale as of July 2021 (outlined in Annex 2). This was the KTCA salary scale when the Budget initiative was agreed. However, since then, collective bargaining has resulted in increases to the KTCA unified base salary scale (UBSS).
2. On 30 August 2023, Cabinet Social Wellbeing Committee, with Power to Act, agreed:
  - that, given the shortfall in funding, the full improvements to the UBSS will not be passed on to certificated teachers in education and care services at this time, as it is not affordable within the current fiscal environment; and
  - to utilise the \$427.272 million of funding set aside to pass on improvements to the UBSS agreed through the settlement process up to December 2023 to certificated teachers in education and care services, in order to minimise the impact of the partial deferral decision and
  - 9(2)(f)(iv)
3. Under sections 548(2) and 548(3) of the Education and Training Act 2020, out of money appropriated by Parliament, the Minister of Education has authority to determine the amount of, and means of calculating, grants paid to licensed early childhood services.
4. We therefore seek your agreement to the level of grants and conditions outlined in this paper under this authority. Your decisions confirm the funding rates and associated conditions and will take effect from 1 December 2023.

## Updated salary scales for opt in funding rates

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5. The current salary scales and the new salary scales as of 1 December 2023 for Parity, Extended Parity and Full Parity funding bands are outlined in Annex One. The table below outlines the current and new salary scales as well as the difference between them.
6. There are four sets of funding rates which education and care services may opt-in to, based on the KTCA salary scale:
  - **Base Funding Rates:** the set of funding rates available to education and care services that pay all employed certificated teachers at least Step 1 of the KTCA salary scale.
  - **Parity Funding Rates:** the set of funding rates available to education and care services who pay all employed certificated teachers according to Steps 1 to 6 of the KTCA salary scale.

- **Extended Parity Funding Rates:** the set of funding rates available to education and care services that pay all employed certificated teachers accordingly to Steps 1 to 6, partial Steps 7 to 11 and a management step of the KTCA salary scale.
- **Full Parity Funding Rates:** the set of funding rates available to education and care services that pay all employed certificated teachers according to Steps 1 to 11 and management steps K2 to K4 of the KTCA salary scale.

7. For the Base funding rates, the current salary step is \$51,358, the new salary step as of 1 December 2023 will be \$57,358, an increase of \$6,000.

*Table 1: Comparison of current salary scales and salary scales from 1 December 2023 for Parity, Extended Parity and Full Parity funding bands*

Step	Parity (Budget 21)			Extended Parity (Budget 22)			Full Parity (Budget 23)		
	Steps 1-6			Steps 1-6, partial steps 7-11, partial Management step			Steps 1-11, Management steps		
	Implemented 1 January 2022	From 1 December 2023	Difference - new vs. current	Implemented 1 January 2023	From 1 December 2023	Difference - new vs. current	From 1 November 2023	From 1 December 2023	Difference - new vs. current
1	\$51,358	\$57,358	\$6,000	\$51,358	\$57,358	\$6,000	\$51,358	\$57,358	\$6,000
2	\$53,544	\$59,544	\$6,000	\$53,544	\$59,544	\$6,000	\$53,544	\$59,544	\$6,000
3	\$55,948	\$61,948	\$6,000	\$55,948	\$61,948	\$6,000	\$55,948	\$61,948	\$6,000
4	\$58,133	\$64,133	\$6,000	\$58,133	\$64,133	\$6,000	\$58,133	\$64,133	\$6,000
5	\$61,794	\$67,794	\$6,000	\$61,794	\$67,794	\$6,000	\$61,794	\$67,794	\$6,000
6	\$65,776	\$71,869	\$6,093	\$65,776	\$71,869	\$6,093	\$65,776	\$71,869	\$6,093
7	\$65,776	\$71,869	\$6,093	\$68,103	\$74,152	\$6,049	\$70,040	\$76,261	\$6,221
8	\$65,776	\$71,869	\$6,093	\$70,431	\$76,403	\$5,972	\$75,190	\$81,566	\$6,376
9	\$65,776	\$71,869	\$6,093	\$72,758	\$78,715	\$5,957	\$79,413	\$85,915	\$6,502
10	\$65,776	\$71,869	\$6,093	\$75,230	\$81,112	\$5,882	\$85,490	\$92,175	\$6,685
11	\$65,776	\$71,869	\$6,093	\$79,413	\$85,457	\$6,044	\$90,000	\$96,850	\$6,850
K2	\$65,776	\$71,869	\$6,093	\$79,413	\$85,457	\$6,044	\$94,175	\$101,120	\$6,945
K3	\$65,776	\$71,869	\$6,093	\$79,413	\$85,457	\$6,044	\$99,237	\$106,427	\$7,190
K4	\$65,776	\$71,869	\$6,093	\$79,413	\$85,457	\$6,044	\$107,770	\$115,123	\$7,353

8. The new salary scales are between \$5,882 and \$7,353 higher than the current salary scales. Pay increases for individual teachers will vary according to which parity funding band their service is opted into, their level of experience and whether they are already exactly on a pay step (some teachers may be paid above the steps).

- Teachers on steps 1-6 whose services are opted into one of the parity bands should experience a pay rise of at least \$6,000.
- The Extended Parity payscale includes partial steps 7-11 where increases are between \$5,882 and \$6,093. Teachers on these steps whose services are currently opted into Extended Parity and continue in this funding band will experience a lower level of pay increase compared to teachers in services that opt-in to Full Parity.



- Teachers at steps 7-11 whose services opt-in Full Parity will experience a pay increase of between \$6,221 and \$7,353.
9. The Extended Parity pay scale matches steps 1-6 of the new KTCA payscale, while steps 7-11 are partial steps. The partial steps 7-11 in the Extended Parity pay scale are calculated by maintaining the same proportion of the full new KTCA pay steps 7-11 as with the current pay scale. For example, the current step 11 for Extended Parity is \$79,413 which is slightly over 88% of the full KTCA step 11 of \$90,000. The new Extended Parity step 11 of \$85,457 maintains the same proportion of the new full KTCA step 11 of \$96,850.
  10. 9(2)(j)

### Updating of opt-in funding rates

11. We have updated the suite of pay parity funding rates described above to take into the account the decisions made by SWC on 30 August [SWC-23-MIN-0128 refers]. These rates are set out in Annex two.

#### *Full parity rates*

12. The All-Day Full Parity Funding Rates are set equal to the corresponding Kindergarten Funding Rates.

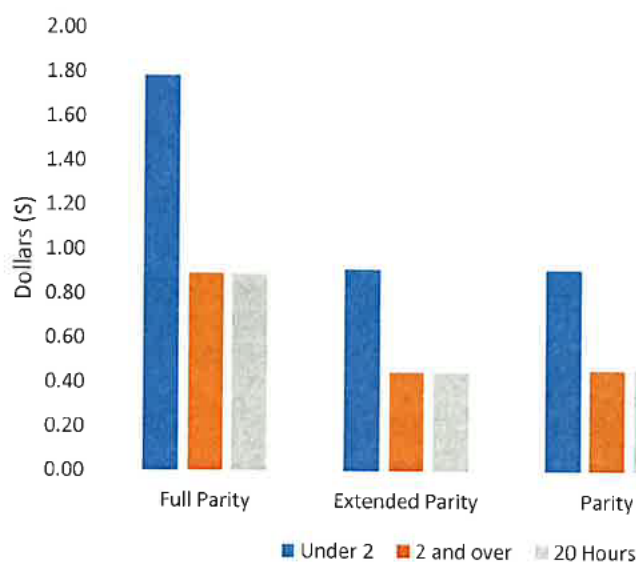
#### *Base, parity and extended parity*

13. The other three rate bands are set at a level that funds the estimated difference in cost of all teachers' salaries under existing salary steps compared to the cost under the new salary steps. This difference in costs is split according to the four opt in funding bands contributing to the difference. These differences are then divided by the funded child hours for each opt in rate. The rates also reflect service opt-in assumptions for each opt in rate.

#### *Resulting changes in funding rates*

14. The dollar increase is greater for full parity compared to the other opt-in rates. This is because the pay increase for the full parity salary scale is greater than that for the other rates.
15. The dollar increase in funding rates is approximately the same across the other three opt in rates. This is because the pay increases across the extended parity, parity and base salary scales (around \$6,000) are very similar.
16. The dollar increase in funding rates for Under 2 year olds is twice the dollar increase for 2 year olds and over and 20 Hours ECE across all four opt-in rates. This is because of higher regulated adult to child requirements for under 2 year olds.
17. The dollar increase in funding rates for 2 year olds and over and the 20 Hours ECE subsidies is the same across all four opt-in rates, although the absolute funding rate is higher for the 20 Hours ECE subsidy. This is because the government is funding the full cost of the KTCA increases, so both funding rates receive the same absolute increase.

Graph 1: Dollar increase for 1 December 2023 funding period (for all-day 80%-99% certificated teachers)



### Next steps

18. The proposal agreed by SWC is to be announced by Minister Luxton at 2.30pm this afternoon. To support the announcement you need to approve the funding rates and associated salary scales set out in this paper before that time.
19. The Government's decisions on pay parity flow-ons will be communicated to the sector through a Special Early Learning Bulletin to be published on Thursday afternoon 31 August. The updated funding rates and salary scales will be published in the funding handbook by midday Friday 1st September.

### Annexes

The following annexes are included:

Annex One: New education and care service Base Salary Scale, Parity Salary Scale, Extended Parity Salary Scale, and Full Parity Salary Scale teacher pay requirements from 1 December 2023

Annex Two: New education and care service funding rates from 1 December 2023

Annex One: New education and care service Base Salary Scale, Parity Salary Scale, Extended Parity Salary Scale, and Full Parity Salary Scale teacher pay requirements from 1 December 2023

**Base Salary Scale (Step 1)**

Step	Qualification Group Notations	Rate Effective 1 Jan 2022	Rate Effective 1 Dec 2023
1	P1, P2, P3E	\$51,358	\$57,358

**Parity Salary Scale (Step 1-6)**

Step	Qualification Group Notations	Rate Effective 1 Jan 2022	Rate Effective 1 Dec 2023
1	P1, P2, P3E	\$51,358	\$57,358
2		\$53,544	\$59,544
3	P3+E	\$55,948	\$61,948
4	P4E	\$58,133	\$64,133
5	P5E	\$61,794	\$67,794
6		\$65,776	\$71,869

**Extended Parity Salary Scale (Steps 1-6, Partial Steps 7-11 + Partial Management Step)**

Step	Qualification Group Notations	Rate Effective 1 Jan 2023	Rate Effective 1 Dec 2023 <sup>1</sup>
1	P1, P2, P3E	\$51,358	\$57,358
2		\$53,544	\$59,544
3	P3+E	\$55,948	\$61,948
4	P4E	\$58,133	\$64,133
5	P5E	\$61,794	\$67,794
6		\$65,776	\$71,869
7		\$68,103	\$74,152
8		\$70,431	\$76,403
9		\$72,758	\$78,715
10	P1, P2, P3M	\$75,230	\$81,112
11	P3+, P4, P5M	\$79,413	\$85,457
Management Step		\$79,413	\$85,457

**Full Parity Salary Scale (Step 1 - 11 + Management Steps K2-K4)**

Step	Qualification Group Notations	Rate Effective 1 Nov 2023	Rate Effective 1 Dec 2023
1	P1, P2, P3E	\$51,358	\$57,358

<sup>1</sup> Partial Steps 7-11 calculated by maintaining the percentage of the full KTCA salary rate for each step.

2		\$53,544	\$59,544
3	P3+E	\$55,948	\$61,948
4	P4E	\$58,133	\$64,133
5	P5E	\$61,794	\$67,794
6		\$65,776	\$71,869
7		\$70,040	\$76,261
8		\$75,190	\$81,566
9		\$79,413	\$85,915
10	P1, P2, P3M	\$85,490	\$92,175
11	P3+, P4, P5M	\$90,000	\$96,850
<b>Management Pay Steps</b>			
K2		\$94,175	\$101,120
K3		\$99,237	\$106,427
K4		\$107,770	\$115,123



Annex Two: New education and care service funding rates from 1 December 2023

	Base		Parity		Extended Parity		Full Parity	
	Under 2	2 and over	20 hours ECE	2 and over	20 hours ECE	Under 2	2 and over	20 hours ECE
\$ per funded child hour (including GST)								
	ALL-DAY							
100% certificated teachers	15.07	8.75	14.00	15.57	14.48	16.79	17.97	16.35
80-99% certificated teachers	14.47	7.95	13.24	14.95	13.70	16.12	17.37	15.59
50-79% certificated teachers	13.19	6.92	12.10	13.62	12.52	14.68	15.87	14.26
25-49% certificated teachers	10.82	5.61	10.69	11.16	11.06	12.01	13.10	12.57
0-24% certificated teachers	9.39	4.73	9.78	9.68	10.12	10.41	11.41	11.52
	SESSIONAL							
100% certificated teachers	13.89	6.89	8.26	14.35	8.54	15.47	16.62	9.80
80-99% certificated teachers	12.97	5.92	7.49	13.40	7.74	14.44	15.65	8.98
50-79% certificated teachers	11.87	5.34	6.84	12.26	7.08	13.20	14.36	8.22
25-49% certificated teachers	9.84	4.65	6.10	10.16	6.31	10.93	11.98	7.33
0-24% certificated teachers	8.70	4.23	5.68	8.97	5.87	9.64	10.63	6.85