

## Cabinet Paper material

### Proactive release

Minister & portfolio Hon Chris Hipkins, Minister of Education  
Name of package Final Drawdown of Teacher Aide Pay Equity Claim Settlement Contingency  
Date considered 27 June 2022  
Date of release 25 October 2022

#### These documents have been proactively released:

**Cabinet Minute: CAB-22-MIN-0241**

Date considered: 27 June 2022

Author: Cabinet Office

**Cabinet Minute: SWC-22-MIN-0109**

Date considered: 22 June 2022

Author: Cabinet Office

**Cabinet Paper: Final Drawdown of Teacher Aide Pay Equity Claim Settlement Contingency**

Date considered: 27 June 2022

Author: Minister of Education

#### Material redacted

Some deletions have been made from the documents in line with withholding grounds under the Official Information Act 1982. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

The applicable withholding grounds under the Act are as follows:

Section 9(2)(f)(iv) to protect the confidentiality of advice tendered by Ministers of the Crown and officials

Section 9(2)(j) to avoid prejudice to negotiations

Some deletions have been made from the documents as the information withheld does not fall within scope of the Minister's portfolio responsibilities, and is not relevant to the proactive release of this material.

You can read the Official Information Act 1982 here:

<http://legislation.govt.nz/act/public/1982/0156/latest/DLM64785.html>



# Cabinet

## Minute of Decision

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

### Report of the Cabinet Social Wellbeing Committee: Period Ended 24 June 2022

On 27 June 2022, Cabinet made the following decisions on the work of the Cabinet Social Wellbeing Committee for the period ended 24 June 2022:

SWC-22-MIN-0109    **Final Drawdown of Teacher Aide Pay Equity Claim Settlement Contingency**    CONFIRMED  
Portfolio: Education

Out of scope

Michael Webster  
Secretary of the Cabinet



# Cabinet Social Wellbeing Committee

## Minute of Decision

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### Final Drawdown of Teacher Aide Pay Equity Claim Settlement Contingency

Portfolio                      Education

On 22 June 2022, the Cabinet Social Wellbeing Committee:

- 1        **noted** that in early 2020, the Ministry of Education (the Ministry) and the New Zealand Educational Institute Te Riu Roa (NZEI) concluded negotiations and reached agreement for the settlement of the Teacher Aides Pay Equity Claim (TAPEC), after following a pay equity claim process consistent with the Joint Working Group Pay Equity Principles;

#### Funding of the TAPEC settlement

- 2        **noted** that in December 2019, Cabinet:
  - 2.1        agreed that, for the Ministry to negotiate in good faith with the NZEI to settle the TAPEC, a tagged operating contingency be established, subject to further work on reaching a settlement and finalisation of the costs of settlement, to meet unavoidable cost pressures associated with settlement;
  - 2.2        agreed that the drawdown of contingency funding in the third year (of the settlement) is subject to Cabinet being provided with options for baseline reprioritisation and/or business operating changes to partially offset the fiscal impact of the settlement;

[CAB-19-MIN-0676]

- 3        **noted** that:

3.1        9(2)(j)



9(2)(j)



**Funding of 2019 Collective Agreement settlement for teacher aides and other non-teaching staff**

9(2)(j)



- 5 **noted** that when the above tagged operating contingency for Bargaining for Schools Non-Teaching Staff and Associated Collectives was established, Cabinet also noted that these increases in remuneration would offset part of the costs of settling the TAPEC;
- 6 **noted** that the additional funding provided to schools for the teacher aide pay equity settlement and 2019 collective bargaining costs to date is net of a contribution from within the annual increase to schools' operations grants estimated at \$29.0 million per annum;
- 7 **noted** that, due to the interaction between the 2019 collective agreement settlements for non-teaching staff (including teacher aides) and the 2020 TAPEC settlement and an increase in the overall number of teacher aides and other non-teaching employees, 9(2)(j) million per annum is required to meet the total forecast cost of teacher aides and other non-teaching staff, which is less than the annual funding for 2022/23 and outyears held in the Teacher Aide Pay Equity Settlement - Tagged Operating Contingency;

- 8 **noted** that the portion of the outstanding cost identified above varies between costs attributable to the TAPEC settlement and the 2019 non-teaching staff collective agreements settlements as follows:
- 8.1 the portion of the outstanding cost which falls directly to the TAPEC settlement for 2022/23 and outyears is estimated at \$74.451 million per annum;
- 8.2 the portion of the outstanding cost which is required to meet costs due to the 2019 non-teaching staff collective agreements is 9(2)(j) million per annum in excess of the funding that has already been provided;
- 9 **noted** that the Ministry has concluded that it is unlikely that any further contribution to the costs of TAPEC or other pay equity settlements can be managed from existing Vote Education baselines without making adjustments to learning or other programmes;
- 10 **agreed** that the above advice satisfactorily meets the requirements of the further work requested in paragraph 2.2;

### Financial recommendations

9(2)(j)

- 12 **agreed** that 9(2)(j) million per annum in 2022/23 and outyears of the expenses incurred under paragraph 11 above be charged against the *Teacher Aide Pay Equity Settlement - Tagged Operating Contingency* and that any remaining balance, as shown below, be returned to the centre:

9(2)(j)

13

9(2)(f)(iv)



14

**agreed** that the changes to appropriations for 2022/23 above be included in the 2022/23 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply.

Rachel Clarke  
Committee Secretary

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**Present:**

Rt Hon Jacinda Ardern  
Hon Chris Hipkins  
Hon Carmel Sepuloni  
Hon Poto Williams  
Hon Peeni Henare  
Hon Kiri Allan  
Hon Aupito Williams Sio  
Hon Meka Whaitiri  
Hon Priyanca Radhakrishnan

**Officials present from:**

Office of the Prime Minister  
Office of the Chair  
Officials Committee for SWC

Proactively Released

Sensitive: Industrial relations

Office of the Minister of Education

Cabinet Social Wellbeing Committee

## **Ministry of Education – Final Drawdown of the Teacher Aide Pay Equity Claim Settlement Contingency**

### **Proposal**

- 1 This paper seeks Cabinet's approval to appropriate funding for the continued payment of the 2020 Teacher Aide Pay Equity Claim (the TAPEC) settlement and additional costs related to the 2019 settlement of collective agreements which cover non-teaching staff in schools.

### **Relation to government priorities**

- 2 The 2020 TAPEC settlement successfully corrected a systemic pay inequity for teacher aides and supports the Government's broader fairness goals, by ensuring that teacher aides are being remunerated equitably and free of sex-based undervaluation.

### **Executive Summary**

- 3 In December 2019, the Ministry of Education (the Ministry) and the NZEI Te Riu Roa (NZEI) settled the various collective agreements covering teacher aides along with other special and support staff in schools. These agreements, which cover predominantly low-paid workers, provided a significant lift in remuneration which Cabinet noted at the time would partially offset the anticipated costs of the TAPEC settlement. [CAB-19-MIN-0627]
- 4 On 16 December 2019, Cabinet established a tagged operating contingency to settle the TAPEC. Cabinet also agreed that drawing down funding from the third year would be subject to Cabinet receiving options for baseline reprioritisation and/or business operating changes to partially offset the fiscal impact of the settlement. [CAB-19-MIN-0676]
- 5 Subsequently, the Ministry and the NZEI reached agreement for the settlement of the TAPEC in early 2020.
- 6 The Ministry has concluded that it is unlikely that any further contribution to the costs of TAPEC or other pay equity settlements can be managed from existing Vote Education baselines without a negative impact on learning or other programmes. Although the Ministry will continue to look for opportunities for reprioritisation, it has already been committed to funding several other initiatives from within existing baselines and has to also manage ongoing cost pressures such as inflation.
- 7 The cost of TAPEC in outyears is estimated to be \$74.451 million per annum to be funded from the contingency. 9(2)(j)

8 9(2)(j) [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

## Background

9 In 2019, the Ministry and the NZEI agreed that the work of teacher aides had been subject to historical and continued undervaluation, after following a pay equity claim process, consistent with the Joint Working Group Pay Equity principles.

10 Also in 2019, the Ministry and NZEI also negotiated settlement of various collective agreements covering non-teaching staff in schools, including teacher aides<sup>1</sup>.

11 9(2)(j) [REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]					
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

12 The settlement of these agreements provided a significant increase in wages for predominantly low-paid employees, making the then current Living Wage the lowest rate paid in schools. 9(2)(j) [REDACTED]  
[REDACTED]  
[REDACTED]

13 On 16 December 2019, Cabinet [CAB-19-MIN-0676]:

13.1 Agreed that for the Ministry to negotiate in good faith with the NZEI to settle the TAPEC, a tagged operating contingency be established, subject to further work on

<sup>1</sup> The non-teaching staff collective agreements that were settled were:

1. Support Staff in Schools Collective Agreement
2. Kaiārahi i te Reo, Therapists, ATSSD and Special Education Assistants' Collective Agreement
3. School Caretakers', Cleaners' and Canteen Staff Collective Agreement
4. Te Aho o Te Kura Pounamu Specialist and Support Staff Collective Agreement
5. Secondary and Area School Groundstaff Collective Agreement
6. Adult and Community Education Staff in Schools' Collective Agreement

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reaching a settlement and finalisation of the costs of settlement, to meet unavoidable cost pressures associated with settlement.

13.2 9(2)(j)



13.3 Agreed that the drawing down of funding in the third year is subject to Cabinet being provided with options for baseline reprioritisation and/or business operating changes to partially offset the fiscal impact of this settlement.

- 14 The Cabinet paper noted that the under-remuneration of teacher aides had been partially mitigated by the recent settlement of the Support Staff in Schools Collective Agreement (SSSCA) which sets rates of pay for teacher aides, and the cost estimate for the TAPEC contingency had incorporated the SSSCA settlement.
- 15 The Ministry and the NZEI reached agreement for the settlement of the TAPEC in February 2020, which was ratified by NZEI members in May 2020.

16 9(2)(j)

[illegible]

## Estimated outyears settlement costs

17 9(2)(j)

18 Due to the relative change in pay rates between the 2019 collective agreement and TAPEC settlements the estimated outyear cost from collective bargaining is now higher than anticipated while the expected costs which fall to the TAPEC settlement are lower, as shown in the table below:

9(2)(j)

19 Of the combined funding required, 9(2)(j) million per annum has been appropriated from the previous *Bargaining for schools non-teaching staff and associated collectives – Tagged Operating Contingency*, leaving 9(2)(j) million per annum required.

20 Of the funding required in 2022/23 and outyears:

- a. \$74.451 million per annum will be drawn from the *Teacher Aide Pay Equity Settlement – Tagged Operating Contingency*. 9(2)(j)
- b. 9(2)(j)

21 The funding required in 2022/23 and outyears (being \$74.451 million per annum for the Teacher Aide Pay Equity Settlement and 9(2)(j) million per annum for non-teaching staff<sup>2</sup>) will be drawn from the *Teacher Aide Pay Equity Settlement – Tagged Operating Contingency*.

## Baseline reprioritisation options

22 The Ministry has considered if these costs could be met from existing baselines [CAB-19-MIN-0676] and advises that it is unlikely that any further contribution to the costs of TAPEC or other pay equity settlements can be managed from existing Vote Education baselines without a negative impact on learning or other programmes. This is because:

<sup>2</sup> 9(2)(j) million comprises 82% related to teacher aide pay and 18% to costs of the 2019 collective agreement settlements for other non-teaching staff.

- 22.1 A proportion of the cost of TAPEC in each school was met from within the annual increase to their operations grants. This contribution totalled an estimated \$29 million per annum. This amount was deducted proportionally from the additional funding provided to each school to meet the cost of the settlement as an offset to the inflationary increase to each school's operations grant. There are likely to be concerns with the sector if further funding contributions were required directly or indirectly by schools as pay equity settlements have been communicated as being funded by increased investment as they address long-standing inequality and undervaluation for a relatively low-paid but critical workforce.
- 22.2 Vote Education appropriations (\$16,172 million for 2022/23 at Budget 2022) represent a significant proportion of Government expenditure. Most of the funding is based on entitlements and agreements including collective agreements for teachers and principals, grants and subsidies for schools and early learning services, and other unavoidable but substantial commitments including depreciation and capital charge arising from school sector property.
- 22.3 Other policies and commitments from the Vote that carry a significant cost include: school transport; provision of free and healthy lunches; subsidising integrated schools' property and meeting the costs of public private partnerships; various learning support programmes, professional development and curriculum support; and the services of New Zealand Qualifications Authority, Network for Learning and Teaching Council of Aotearoa New Zealand. Freeing up any of this funding for reprioritisation, even if acceptable, could be subject to complex negotiations and require significant changes in policy.
- 22.4 The Ministry has been regularly reprioritising baselines toward other unfunded priorities, including recently to support emerging priorities such as COVID-19 and digital equity.
- 22.5 Some one-off flexibility can usually be found in the larger appropriations (mainly Primary Education and Secondary Education categories within the namesake multi-category appropriation). However, additional funding has been sought as part of the standard baseline updates in 2022 and further options for reprioritisation from non-departmental baselines are expected to be limited. Any requirement to absorb further costs will carry significant risks and may result in some unforeseen and negative consequences.
- 23 These issues have tightened the pressures within the Vote and make it more difficult to ascertain what underspends will be available in future. The Ministry will continue to look for opportunities for reprioritisation as the year progresses but has existing pressures and commitments to address from within its existing baselines first.
- 24 Given current pressures on appropriations and the risk of negative impacts I do not recommend that these costs are met through re-prioritisation of current appropriations, however Cabinet may choose that this occur.

### **Drawdown and conditions**

- 25 I can confirm that the conditions required by Cabinet (see paragraph 13.3) for the drawdown of the contingency have been met and accordingly, seek agreement to draw down funding to fully meet the cost of the settlement for 2022/23 and outyears [CAB-19-MIN-0676].

### **Upcoming Cabinet papers on pay equity claims**

- 26 I anticipate submitting two other papers on pay equity claims for Cabinet's consideration later this year. These papers will seek agreement to:
- 26.1 Draw down funding from the tagged operating contingency established to meet the unavoidable cost pressures associated with the settlement and implementation of the school Administration and Kaiārahi i te reo pay equity claims [CAB-21-MIN-0508]
- 26.2 Establish a contingency to enable the Ministry to negotiate in good faith with the NZEI to settle the pay equity claims for school Librarians, Library Assistants and Science Technicians.

### **Legislative Implications**

- 27 Legislation is not required to implement the proposals.

### **Regulatory Impact Analysis**

- 28 A regulatory impact analysis does not apply to the proposals in this paper.

### **Climate Implications**

- 29 There are no known climate implications associated with the proposals in this paper.

### **Gender Implications**

- 30 The gender implications of the TAPEC settlement are positive; identifying and correcting sex-based undervaluation of a female-dominated workforce and introducing a rate of remuneration that reflects the skills, responsibilities, working conditions and degrees of effort of their work.

### **Human Rights**

- 31 This proposal complies with the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

### **Consultation**

- 32 The Treasury, Te Kawa Mataaho Public Service Commission, and the Department of the Prime Minister and Cabinet were consulted on this paper.

## Communications

- 33 The Ministry will continue to engage with the NZEI and NZSTA to ensure that schools have the right information at the right time to support the effective implementation of the TAPEC settlement.

## Proactive Release

- 34 I do not intend to proactively release this paper to enable the Ministry to carry on, without prejudice or disadvantage, bargaining currently underway for other pay equity claims in the Ministry and Education Service, and for future pay equity claims.

## Recommendations

The Minister for Education recommends that the Committee:

- 1 **Note** that the Ministry of Education (the Ministry) and the NZEI Te Riu Roa (NZEI) concluded negotiations and reached agreement for the settlement of the Teacher Aides Pay Equity Claim (the TAPEC) in early 2020, after following a pay equity claim process consistent with the Joint Working Group Pay Equity Principles between 2017 and 2019;

### *Funding of the TAPEC settlement*

- 2 **Note** that on 16 December 2019, Cabinet:
- 2.1 agreed that, for the Ministry to negotiate in good faith with the NZEI to settle the TAPEC, a tagged operating contingency be established, subject to further work on reaching a settlement and finalisation of the costs of settlement, to meet unavoidable cost pressures associated with settlement
- 2.2 agreed that the drawing down of funding (from the contingency) in the third year (of the settlement) is subject to Cabinet being provided with options for baseline reprioritisation and/or business operating changes to partially offset the fiscal impact of this settlement;

[CAB-19-MIN-0676]

- 3 9(2)(j) [REDACTED]

[REDACTED]					
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

**SENSITIVE**

9(2)(j)					

*Funding of 2019 Collective Agreement settlement for teacher aides and other non-teaching staff*

4 9(2)(j)

	[REDACTED]				
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]					
[REDACTED]					
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]					
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]					
[REDACTED]					
[REDACTED]					

- 5 **Note** that when the tagged operating contingency for Bargaining for Schools Non-Teaching Staff and Associated Collectives was established, Cabinet noted that these increases in remuneration would offset part of the costs of settling the TAPEC [CAB-19-MIN-0627];
- 6 **Note** the additional funding provided to schools for the teacher aide pay equity settlement and 2019 collective bargaining costs to date is net of a contribution from within the annual increase to schools' operations grants estimated at \$29 million per annum;
- 7 **Note** that due to the interaction between the 2019 collective agreement settlements for non-teaching staff (including teacher aides) and the 2020 TAPEC settlement, and an increase in the overall number of teacher aides and other non-teaching employees, 9(2)(j) million per annum is required to meet the total forecast cost of teacher aides and other non-teaching staff, which is less than the annual funding for 2022/23 and outyears held in the *Teacher Aide Pay Equity Settlement - Tagged Operating Contingency* described in recommendation 2 above;
- 8 **Note** the portion of the outstanding cost identified in recommendation 7 varies between costs attributable to the TAPEC settlement and the 2019 non-teaching staff collective agreements settlements as follows:
  - 8.1 the portion of the outstanding cost which falls directly to the TAPEC settlement for 2022/23 and outyears is estimated at \$74.451 million per annum

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- 8.2 the portion of the outstanding cost which is required to meet costs due to the 2019 non-teaching staff collective agreements is 9(2)(j) million per annum in excess of the funding that has already been provided;
- 9 **Note** that the Ministry of Education has concluded that it is unlikely that any further contribution to the costs of TAPEC or other pay equity settlements can be managed from existing Vote Education baselines without making adjustments to learning or other programmes;
- 10 **Agree** that the further work described in recommendation 2.2 above has been satisfactorily completed;

## Financial recommendations

- 11 9(2)(i)

[illegible]

- 12 **Agree** that 9(2)(j) million per annum in 2022/23 and outyears of the expenses incurred under recommendation 11 above be charged against the Teacher Aide Pay Equity Settlement - Tagged Operating Contingency described in recommendation 2 above, and any remaining balance will be returned to the centre;

9(2)(j)

13 9(2)(j) [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

14 **Agree** that the changes to appropriations for 2022/23 above be included in the 2022/23 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply.

Authorised for lodgement

Hon Chris Hipkins  
Minister of Education

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