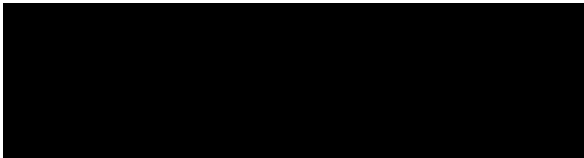




19 July 2021



Tēnā koe 

Thank you for your letter of 12 July 2021 to the Ministry of Education requesting the following information:

1. *Could you please provide all reports and modelling including any spreadsheets or other tools used to arrive at the figure?*
 - a) *This should include, but not be limited to, how the assumption that fees would not have to increase was arrived at.¹*
 - b) *It should include assumptions about the relationship between hourly rate funding, staff:student ratios, and proportions of staff in different bands of certification and in each pay step under the Kindergarten Teachers, Head Teachers, and Senior Teachers' Collective Agreement*

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

As part of Budget 2021, Cabinet agreed to the initiative *Moving towards pay parity for teachers in education and care services*, which reflects the Government's commitment to improving teacher pay in the early learning sector.

The initiative increases the minimum salary education and care services must attest they are paying certificated teachers, and it also provides a set of higher funding rates that services may opt into if they agree to pay these teachers defined pay steps based on the Kindergarten Teachers' Collective Agreement (KTCA).

The reports and briefings in scope of your request are due to be publicly released by the end of this month as part of the Ministry's Budget 2021 release. When this becomes available, you will be able to access it on the Ministry's website at: <https://www.education.govt.nz/our-work/information-releases/issue-specific-releases/>

In addition, I have provided the attached **Appendix A** which outlines the calculations carried out for Budget 2021 to determine the costing of the initiative.

In response to **part 1(a)** of your request, the Cabinet paper you have referenced states that "All education and care service funding rates will increase to enable the minimum salary to increase". As outlined in Appendix A, the costing estimated the difference between current pay rates and the new pay rates, and the funding that would be required to meet that difference. Parental fees were not a factor in the calculations.

¹ "All education and care service funding rates will increase to enable the minimum salary to increase"
From cabinet paper *Education and Training (Grants – Budget Measures) Amendment Bill – Policy Approvals*, 5 May 2021, Paragraph 8

The spreadsheets that you have requested relating to the modelling for this initiative will take time to be considered for release. Please let us know by return if you still require this information. We hope that by providing the information in this letter, your queries have been adequately addressed.

Thank you again for your email. You have the right to ask an Ombudsman to review this response. You can do this by writing to info@ombudsman.parliament.nz or Office of the Ombudsman, PO Box 10152, Wellington 6143.

Nāku noa, nā



Alanna Sullivan-Vaughan
Acting Group Manager
Education System Policy

Appendix One

The costing of this initiative had three steps:

Step 1: Calculating the Full Time Equivalent (FTE) of teaching staff in education and care services using the ECE Census 2020 data.

Step 2: Calculating the increase in funding needed for the first year using the distribution of salaries and experience from the ECE Remuneration survey and the relevant KTCA steps.

Step 3: Increasing the funding in the ECE expenditure projections so that the additional funding in the first year matched the figure in step 2.

Step 1: Calculating the FTE

The 2020 ECE Census asked for total working hours of teaching staff. The total hours of certificated teachers in education and care services were extracted. This data reflected working hours in a single week. We assumed that this week reflected working patterns across the whole year. The total working hours were divided by 40 hours to yield a full-time equivalent figure of 8343

Step 2: Distribution of salaries and experience and the marginal difference to reach the KTCA steps

The table below shows the distribution of salaries of teachers in education and care services from the 2020 Remuneration Survey. This table covers people who were working as a qualified teacher.

Table 1: Salary distribution of qualified teachers in education and care services

Experience	% teachers	Lower Quartile	Median	Upper Quartile
Less than 1 year	19%	49,920	52,250	54,127
1 - 2 years	20%	52,000	53,206	54,803
2 - 5 years**	30%	52,144	54,154	57,186
5 - 8 years	13%	53,248	55,744	58,240
8 - 10 years	5%	54,080	56,160	58,344
10+ years	13%	54,260	57,283	60,522
Total	100%	53,040	55,324	58,240

The above information was used to estimate what proportion of teachers would be eligible for a pay rise based on years of experience and current likely salary (Column B in Table 2 below).

We did not use the salaries in Table 1 to determine the Assumed Salary in Table 2. Instead, we used a more generous approach where we assumed the current minimum salary for those eligible for the first two KTCA pay steps, and thereafter the relevant prior pay step on the KTCA i.e., a teacher eligible for pay step 3 was assumed to be on pay step 2 of the KTCA.

The approach below is iterative. The percentages in Column B do not add to 100% because people are counted in more than one row. For example, 25% of teachers with 10+ years of experience are paid at or below \$54,260 (see Table 1).

If their employers opted into the new higher funding rates, these teachers would need to be paid \$65,776, which is a pay rise of \$11,516 or more. Therefore, teachers with 10+ years of experience are counted in each of the rows relating to the KTCA steps 1-6, to varying degrees.

In the row relating to step 2, we have assumed that 16% of teachers with 10+ years of experience would require a pay rise to reach this step. This reflects that the lower quartile (bottom 25%) for this group is higher than step 2, but there will likely be some teachers in the lower quartile paid below step 2.

Table 2: Key calculations behind total funding required for the first year

KTCA step	KTCA salary (A)	% teachers eligible for KTCA step but currently paid below (B)	Assumed salary (C)	Difference (D) = (A-C)	Total dollars to raise salaries = (D*B*total FTE)
1	\$51,358	15%	\$49,862	\$1,496	\$1,872,169
2	\$53,544	30%	\$49,862	\$3,682	\$9,347,937
3	\$55,948	34%	\$53,544	\$2,404	\$6,751,156
4	\$58,133	37%	\$55,948	\$2,185	\$6,810,476
5	\$61,794	36%	\$58,133	\$3,661	\$11,044,869
6	\$65,776	31%	\$61,794	\$3,982	\$10,251,336
Total required for first year					\$46,077,943

Assumptions to determine percentage of teachers eligible for each KTCA but currently paid below

KTCA Step 1: the lower quartile (bottom 25%) of all qualified teachers are paid at or below \$53,040. We assume that 15% (over half of the lower quartile) are on the minimum attestation rate.

KTCA Step 2 – the following proportions of the pay bands were assumed to be both below step 2 and eligible for step 2:

- 55% of those with 1-2 years' experience
- 44% of those with 2-5 years' experience
- 28% of those with 5-8 years' experience
- 12.7% of those with 8-10 years' experience
- 16.3% of those with 10+ years' experience

KTCA Step 3 – the following proportions of the pay bands were assumed to be both below step 3 and eligible for step 3:

- 65% of those with 2-5 years' experience
- 52% of those with 5-8 years' experience
- 47% of those with 8-10 years' experience
- 39% of those with 10+ years' experience

KTCA Step 4 – the following proportions of the bands were assumed to be both below step 4 and eligible for step 4:

OIA: 1265915

National Office, Mātauranga House, 33 Bowen Street, Wellington 6011

PO Box 1666, Wellington 6140. Phone: +64 4 463 8000 Fax: +64 4 463 8001

- 83% of those with 2-5 years' experience
- 74% of those with 5-8 years' experience
- 73% of those with 8-10 years' experience
- 57% of those with 10+ years' experience

KTCA Step 5 – the following proportions of the bands were assumed to be both below step 5 and eligible for step 5:

- 33% of those with 2-5 years' experience
- 100% of those with 5-8 years' experience
- 100% of those with 8-10 years' experience
- 88% of those with 10+ years' experience

KTCA Step 6 – the following proportions of the bands were assumed to be both below step 6 and eligible for step 6:

- 100% of those with 5-8 years' experience
- 100% of those with 8-10 years' experience
- 98% of those with 10+ years' experience.

Step 3: Calculating a percentage increase on projected expenditure

In a separate model, percentage increases to education and care funding rates were ascertained that made the first-year cost as close as possible to the first-year cost in step 2. The main cost of the initiative starts in January 2022, which is reflected in the half-year effect in Table 3 below.

The first-year cost of the initiative in table 3 below is \$46.146 million ((\$22.442 million x2) + \$1.272 million for the 1 July 2021 increase). This is \$0.078 million higher than the first-year cost identified in step 2 (\$46.078 million). The July 2021 funding rate increase represents a 0.15% increase to rates. The January 2022 opt in rates are 2.57% higher. The opt in rates also incorporate the 1.2% cost adjustment on the base rate coming into effect in January 2022. The overall impact of this is that the opt in rates are about 3.94% higher, on average, than current funding rates.

Table 3: Projected expenditure on education and care services (the baseline) and the cost of the pay parity budget initiative

Cost (Excluding GST, \$m)	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Ed & Care baseline	1,552.213	1,646.038	1,714.492	1,776.231	,1843.064	8,532.038
Pay parity budget initiative	0.000	23.714	47.116	48.720	50.429	169.979

Jeremy Barnes

From: Enquiries National
Sent: Monday, 2 August 2021 9:16 AM
To: [REDACTED]
Subject: OIA Response - 1265915
Attachments: OIA response 1265915

Mōrena [REDACTED]

As we have not received any response from you to confirm that you still require the modelling and spreadsheets requested, we will be closing your request for information.

If you would like to make a new Official Information Act request, please email enquiries.national@education.govt.nz

Ngā mihi

Enquiries National Team | Ministry of Education | TW
33 Bowen St, Wellington

education.govt.nz | [Follow us on Twitter: @EducationGovtNZ](https://twitter.com/EducationGovtNZ)

We get the job done *Ka oti i a mātou ngā mahi*
We are respectful, we listen, we learn *He rōpū manaaki, he rōpū whakarongo, he rōpū ako mātou*
We back ourselves and others to win *Ka manawanui ki a mātou, me ētahi ake kia wikitoria*
We work together for maximum impact *Ka mahi ngātahi mā te tuinga nui tonu*

Great results are our bottom line *Ko ngā huanga tino pai ā mātou whāinga mutunga*



From: Enquiries National
Sent: Monday, 26 July 2021 1:20 PM
To: [REDACTED]
Subject: OIA Interim response - 1265915

Kia ora [REDACTED]

We are following up on our 19 July correspondence as we have not heard back from you. In our correspondence we informed you that providing the modelling and spreadsheets requested would take time to consider for release and asked you to confirm if the information we provided adequately addressed your queries.

If we do not hear back from you by **30 July**, we consider that the information provided to you has satisfied your request and that no further action is required from the Ministry.

Ngā mihi,

Enquiries National Team | Ministry of Education | TW
33 Bowen St, Wellington

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