

Impact of COVID-19 on Teaching Council fees / funding

To:	Hon Chris Hipkins, Minister of Education		
Date:	02 April 2020	Priority:	High
Security Level:	In Confidence	TC ID No:	1920-024
Key contact and number:	Lesley Hoskin 027 689 9039	Round robin:	No

Purpose

This report sets out options for teacher registration/certification and other fees, and implications for Teaching Council funding beyond June 2020 considering the impacts of COVID-19.

Summary

1. The government's current funding support for the Teaching Council ends on 30 June 2020.
2. The governing body ('the Council') of the Teaching Council of Aotearoa New Zealand (Teaching Council) and the governing body of its predecessor (Education Council), have devoted significant time in determining how the organisation can become independently financially sustainable as it is required to do by statute and under the terms of previous funding agreements.
3. Income from the current 3-yearly registration/certification fee of \$220.80 equates to only around 40% of the expenditure required for the Teaching Council to carry out its statutory functions.
4. Between 28 January and 21 February 2020, the Teaching Council undertook a consultation process with the teaching profession on proposed increases for registration/certification and other fees from 1 July 2020.
5. As part of the consultation, two potential options for fees for renewing a 3-yearly Practising Certificate were proposed being \$470 or \$500. Full details of the proposed increases can be found in Annex One, and an overview of the consultation process and the results can be found in Annex Two.
6. The Council has not yet made a final decision on any fee increase but is mindful of its obligation to prudently manage the assets and liabilities of the organisation and to be independently financially sustainable from 1 July 2020.
7. However, the Council are reluctant to *implement* any decision to potentially raise fees in the extraordinary circumstances in which teachers, along with all New Zealanders, now face in dealing with COVID-19. They ask for consideration from government for options (ii) to (vi) below to support teachers and the Teaching Council to maximise the future success of every learner in Aotearoa.
8. Aside from the options proposed, the Teaching Council would gratefully accept any government support that recognises the impact of COVID-19 on teachers, communities, and learners over the short to medium term. By way of context, every \$1.0M funding received equates to around \$30 per teacher per 3-year Practising Certificate.



Options for consideration

No additional government funding	Additional government funding
<p>(i) government provides NO additional funding and the Teaching Council uses a portion of its reserves to defer implementing any potential increase in registration/certification fees for as long as prudently possible (~September 2020). Gazetting any new fees and communicating these to the teaching profession would occur in May 2020.</p> <p style="text-align: right;">OR</p>	<p>(ii) government provides \$3.0M in additional funding to the Council to allow it to defer implementing any potential increase in registration/certification fees until 1 January 2021 at the earliest and to postpone any subsequent annual CPI related increase until 1 July 2022. Gazetting any new fees and communicating these to the teaching profession would occur in May 2020.</p> <p style="text-align: right;">OR</p>
	<p>(iii) government provides \$8.0M in additional funding to the Council to allow it to defer implementing any potential increase in registration/certification fees until 1 July 2021 at the earliest and to postpone any subsequent annual CPI related increase until 1 July 2022. Gazetting any new fees and communicating these to the teaching profession would occur in May 2021 after a new consultation process had been completed.</p> <p style="text-align: right;">OR</p>
	<p>(iv) government provides \$2.14M in additional funding to the Council as a contribution towards the proposed Professional Responsibility Levy of \$135 per teacher to allow it to reduce registration/certification fees by \$20 per teacher over three years while Council undertakes a comprehensive review of the fitness for purpose of the current legislative framework for conduct and competence. Gazetting any new fees and communicating these to the teaching profession would occur in May 2020.</p> <p style="text-align: right;">OR</p>
	<p>(v) government provides \$5.14M in additional funding as per options (ii) AND (iv) above.</p> <p style="text-align: right;">OR</p>
	<p>(vi) government provides \$10.14M in additional funding as per options (iii) AND (iv) above.</p>

Recommended Actions

The Teaching Council recommends that you:

- a. **note** that the Teaching Council has consulted with the teaching profession on proposed increases in registration/certification fees from 1 July 2020 but has yet to make a final decision.

Noted



TEACHING COUNCIL

NEW ZEALAND | Matatū Aotearoa

- b. **note** that the Council are reluctant to implement any decision to potentially raise fees in the extraordinary circumstances in which teachers, along with all New Zealanders, now face in dealing with COVID-19.

Noted

- c. **identify** your preferred option to ensure the Teaching Council is financially sustainable from 1 July 2020 in the context of COVID-19:

No additional government funding	Additional government funding
<p>(i) government provides NO additional funding and the Teaching Council uses a portion of its reserves to defer implementing any potential increase in registration/certification fees for as long as prudently possible (~September 2020). Gazetting any new fees and communicating these to the teaching profession would occur in May 2020.</p> <p style="text-align: right;">Yes/No</p>	<p>(ii) government provides \$3.0M in additional funding to the Council to allow it to defer implementing any potential increase in registration/certification fees until 1 January 2021 at the earliest and to postpone any subsequent annual CPI related increase until 1 July 2022. Gazetting any new fees and communicating these to the teaching profession would occur in May 2020.</p> <p style="text-align: right;">Yes/No</p>
	<p>(iii) government provides \$8.0M in additional funding to the Council to allow it to defer implementing any potential increase in registration/certification fees until 1 July 2021 at the earliest and to postpone any subsequent annual CPI related increase until 1 July 2022. Gazetting any new fees and communicating these to the teaching profession would occur in May 2021 after a new consultation process had been completed.</p> <p style="text-align: right;">Yes/No</p>
	<p>(iv) government provides \$2.14M in additional funding to the Council as a contribution towards the proposed Professional Responsibility Levy of \$135 per teacher to allow it to reduce registration/certification fees by \$20 per teacher over three years while Council undertakes a comprehensive review of the fitness for purpose of the current legislative framework for conduct and competence. Gazetting any new fees and communicating these to the teaching profession would occur in May 2020.</p> <p style="text-align: right;">Yes/No</p>
	<p>(v) government provides \$5.14M in additional funding as per options (ii) AND (iv) above.</p> <p style="text-align: right;">Yes/No</p>
	<p>(vi) government provides \$10.14M in additional funding as per options (iii) AND (iv) above.</p> <p style="text-align: right;">Yes/No</p>



TEACHING COUNCIL

NEW ZEALAND | Matatū Aotearoa

- d. **note** that under option (iii) the Teaching Council will need to reconsult with the teaching profession on proposed fees in 2021.

Noted

Proactive release information

- e. **agree** that this Report will not be proactively released at this time, because the Council of the Teaching Council have yet to make decisions on fees and decisions you make on this paper may need to be considered as part of the Budget process.

Agree / Disagree



Lesley Hoskin
Chief Executive

03/_04_/_2020_

Hon Chris Hipkins
Minister of Education

//_



TEACHING COUNCIL

NEW ZEALAND | Matatū Aotearoa

Background

1. The governing body ('the Council') of the Teaching Council of Aotearoa New Zealand (Teaching Council) and the governing body of its predecessor (Education Council), have devoted significant time in determining how the organisation can become independently financially sustainable as it is required to do by statute and under the terms of previous funding agreements.
2. In December 2019, I was instructed to undertake consultation with the teaching profession on proposed fees increases for registration / certification, and other fees. The details of the proposals can be found in Annex One.
3. The consultation process was undertaken between 28 January 2020 and 21 February 2020. An overview of the process and the results can be found in Annex Two.
4. A significant minority (~23%) of all teachers and professional leaders holding a current Practising Certificate provided feedback on the proposals. Most submitters were opposed or strongly opposed to an(y) increase in fees, with other key themes from the feedback as follows:
 - a. Implementation of any increase should be delayed as the notice to teachers was too short.
 - b. Fee increases should be introduced more moderately over time.
 - c. Disproportionate impact of increases on beginning teachers, part-time/relief teachers, ECE teachers.
 - d. Lack of value from / cost of current Teaching Council services should be addressed before any increases are proposed.
 - e. Proposed increases likely to exacerbate the issues with recruiting and retaining quality teachers.
 - f. Practising certificate fees should be borne by employers or government, not teachers.
 - g. Conduct and competence processes and the Leadership Centre should be funded by government, not by teachers.
5. Some submitters supported the proposals, with the New Zealand Principals' Federation (NZPF) in particular recognising that fees increases are necessary for the Teaching Council to remain independent of Government, sustainable into the future and able to independently design and implement its own work programme in conjunction with the profession.
6. To support the Council to consider the feedback and reach a decision on fees, we have undertaken financial modelling on the alternate suggestions to the proposed fees increase provided by teachers, unions, peak bodies etc. via the consultation process, and have summarised the impact on Teaching Council financial sustainability below:

Alternate Proposal from 2020 fees consultation	Impact on Teaching Council financial sustainability
No fees increase	Without other sources of income to offset the loss of government funding from 30 June 2020, Council becomes insolvent before the end of FY20/21
Defer fee increase until 1 January 2021	Cash Reserves fall below the level stipulated in the Board's Cash, Investments, and Reserves Policy (maintain reserves equivalent to at least three months of operating expenditure) in FY20/21 and stay below the required level through to FY25/26 (inclusive).

TEACHING COUNCIL

NEW ZEALAND | Matatū Aotearoa

Stage increase over a longer time period / in smaller increments	Without other sources of income to offset the loss of government funding from 30 June 2020, Council becomes insolvent before end of FY21/22.
Lower fees for beginning and/or part-time/relief, and/or ECE teachers	Without other sources of income to offset the loss of government funding from 30 June 2020, Council becomes insolvent before end FY21/22 if it supports all teachers on generally lower incomes with lower fees OR other teachers would be required to subsidise those lower paid teachers by paying substantially more than proposed (~\$87 more to renew a three-year Practising Certificate in FY20/21)
Reduce costs / increase value before any increase considered	Without other sources of income to offset the loss of government funding from 30 June 2020, Council is likely to be unable to deliver all its statutory functions / maintain satisfactory service levels.
Will have negative impact on overall size of workforce	N/A
Practising Certificate fees paid by employer	N/A – no impact on Council financial sustainability as this is a question of who pays, not how much they pay.
Conduct and competence process (part)-funded by government	N/A – If the government decided to contribute funding there would be no impact on financial sustainability as this is a question of who pays, not how much they pay.

- The Teaching Council has also looked at the option of introducing annualised fees (as opposed to triennial) registration/certification fees as a way to reduce the impact of proposed fees increases on teachers. The option to move to annualised fees has been discounted at this time on the basis of the approximately \$18.0M in additional funding required to support implementation.

Impact of COVID-19 on Teaching Council fees / funding

- The original timeline developed for the fees consultation process was driven by the need to reach a decision on fees in late April 2020, and to notify the teaching profession of the outcome via Gazette notice in early May 2020 for implementation (if applicable) from 1 July 2020.
- Note that any Gazette notice for Teaching Council fees constitutes a disallowable instrument under the Legislation Act 2012 and may be challenged by complaint to the Regulations Review Committee (RRC) of the House of Representatives. The RRC can determine that the Gazetted fees be subject to Parliamentary scrutiny and potentially be disallowed.
- The Council is highly mindful of its obligation to prudently manage the assets and liabilities of the organisation but are also cognisant of the extraordinary circumstances in which all New Zealanders now face in dealing with COVID-19.
- In this context, the Council wish to do everything reasonably possible to support teachers through uncertain and challenging times, as well as providing certainty around fee increases to the teaching profession as soon as practicable.

TEACHING COUNCIL

NEW ZEALAND | Matatū Aotearoa

Timelines for proposed options

Option	Gazetting and communicating any new fees for registration / certification	Implementing any new fees for registration / certification	Subsequent annual CPI related increase	Size of any potential fees increase (if any)	New Consultation Process required?
(i) Teaching Council partially uses reserves / NO additional government funding to defer implementation of any fees increase.	Early May 2020	~September 2020	1 July 2021	\$470 - \$500	No
(ii) Teaching Council partially uses reserves / \$3.0M in additional government funding to defer implementation of any fees increase.	Early May 2020	1 January 2021 at the earliest	1 July 2022	\$470 - \$500	No
(iii) Teaching Council partially uses reserves / \$8.0M in additional government funding to defer implementation of any fees increase.	May 2021	1 July 2021 at the earliest	1 July 2022	\$470 - \$500	Yes ^{Error!} Bookmark not defined.
(iv) Teaching Council partially uses reserves / \$2.14M in additional government funding to reduce the size of any potential fees increase while undertaking a comprehensive review of the legislative framework around conduct and competence.	Early May 2020	~September 2020	1 July 2021	\$450 - \$480	No

TEACHING COUNCIL

NEW ZEALAND | Matatū Aotearoa

(v) Teaching Council partially uses reserves / \$5.14M in additional government funding as per (ii) and (iv) above.	Early May 2020	1 January 2021 at the earliest	1 July 2022	\$450 - \$480	No ^{Error!} Bookmark not defined.
(vi) Teaching Council partially uses reserves / \$10.14M in additional government funding as per (iii) and (iv) above.	May 2021	1 July 2021 at the earliest	1 July 2022	\$450 - \$480	Yes ^{Error!} Bookmark not defined.

TEACHING COUNCIL

NEW ZEALAND | Matatū Aotearoa

Annex One – proposed fees options for consultation

I am...	What you currently pay	What's proposed you would pay under <i>Option 1</i>	What's proposed you would pay under <i>Option 2</i>
A Registered teacher renewing my current practising certificate ¹ :	\$220.80 for 3 years	\$470 ^a for 3 years	\$500 ^a for 3 years
A graduate from an approved New Zealand Initial Teacher Education (ITE) programme applying for Kaiako Whai Rēhitanga Teacher Registration and a Tiwhikete Whakaakoranga Tōmua Provisional Practising Certificate:	\$220.80 for 3 years	\$470 ^a for 3 years	\$300 ^a for 3 years
An overseas trained teacher ² applying for Kaiako Whai Rēhitanga Teacher Registration and a Tiwhikete Whakaakoranga Tōmua Provisional Practising Certificate:	\$302.57 for 3 years	\$570 ^{a,b} for 3 years	\$400 ^{a,b} for 3 years
A provisionally certificated or certificated 'Subject to Confirmation' / Tiwhikete Whakaakoranga Pūmau Full Practising Certificate (Category Two) teacher now applying for Tiwhikete Whakaakoranga Tūturu Full Practising Certificate (Category One):	\$302.57 for 3 years	\$570 ^{a,c} for 3 years	\$600 ^{a,c} for 3 years
Lodging my renewal application <u>after the expiry date</u> of my current practising certificate ³ :	\$270.80 ^f for 3 years	\$570 ^{a,d} for 3 years	\$600 ^{a,d} for 3 years
Applying for a Tūranga Whakaako Whaiherenga Limited Authority to Teach (LAT):	\$168.66 for 3 years \$112.44 for 2 years \$56.22 for 1 year	\$470 ^a for 3 years \$313 ^e for 2 years \$157 ^e for 1 year	\$500 ^a for 3 years \$333 ^e for 2 years \$167 ^e for 1 year
A Registered teacher who hasn't completed any teaching in New Zealand in the last 5 years applying for a Returning to Teaching in Aotearoa New Zealand Practising Certificate ⁴ :	N/A	\$470 ^a for 3 years	\$500 ^a for 3 years
A graduate from an approved New Zealand ITE programme applying for Kaiako Whai Rēhitanga Teacher Registration only:	N/A	\$470 for 3 years	\$300 for 3 years

¹ Under the new '[Policy for Teacher Registration, Practising Certificates and Limited Authority to Teach](#)' which will come into effect on or before 1 July 2020 this will apply to any teacher renewing a current Practising Certificate including Tiwhikete Whakaakoranga Tūturu | Full Practising Certificate (Category One) and Tiwhikete Whakaakoranga Pūmau | Full Practising Certificate (Category Two) and Tiwhikete Whakaakoranga Tōmua | Provisional Practising Certificate

^a Includes the proposed [Professional Responsibility Levy](#) of \$135

² Includes applications made under the Trans-Tasman Mutual Recognition Agreement (TTMRA)

^b Includes an additional fee of \$100 in consideration of the additional costs incurred in evaluating overseas applications

^c Includes an additional fee of \$100 in consideration of the additional costs incurred in evaluating these applications

³ The Late Fee applies where a teacher is currently employed in a teaching position where they do not hold a current certificate of the kind required to legally undertake that role and applies for registration or certification.

^f Includes the existing Late Fee of \$50

^d Includes the proposed Late Fee of \$100

^e Includes the proposed Professional Responsibility Levy of \$135 per 3 years on a pro-rata basis

⁴ Comes into effect under the '[Policy for Teacher Registration, Practising Certificates and Limited Authority to Teach](#)' or before 1 July 2020

Annex Two – summary of consultation feedback

1. An email was sent to **105,394 teachers and professional leaders** informing them of the fees proposals and how to make a submission
2. **103,774** or 98.5% of those emails were **successfully delivered**
3. **41,572** or 40% of recipients **opened the email**
4. In total the **email was opened 85,139** times, including 571 individuals who opened the email 11 or more times, and 12 individuals who opened the email 100 or more times
5. **10,758** or 10% of the recipients **clicked one or more links within the email** including:
 - i. 10,357 clicks on the [fees summary table](#)
 - ii. 5,457 clicks on the unique link to the online feedback survey
 - iii. 2,139 clicks on the additional information on the proposed [Professional Responsibility Levy](#)
 - iv. 904 clicks on the [full consultation document](#)
 - v. 91 clicks on the [te reo version](#) of the email
6. **19,876** or 82% **complete responses** and **4,455** or 18% **partial responses to the online feedback survey** were received during the consultation period⁵ (n=24,331)
7. Responses to the online feedback survey were received from New Zealand (99%) and 45 other countries (1%)
8. Within New Zealand, responses to the online feedback survey were received from 300 discrete locations including Auckland (37%), Wellington (8%), Christchurch (12%), Hamilton (5%), Tauranga (4%), Dunedin (3%), Palmerston North (3%), New Plymouth (2%), and Nelson (1%)
9. **17,981** or 83% of all **respondents** to the online feedback survey **identified themselves as teachers**, while a further 2,726 or 13% **identified themselves as professional leaders** (n=21,732)
10. **9,176** or 39% of respondents to the online feedback survey identified themselves as working in the **secondary sector**, **7,982** or 34% identified themselves as working in the **primary sector**, and **3,676** or 16% identified themselves as working in the **Early Childhood sector** (n=23,645)
11. 33 written submissions were received during the consultation period⁵
12. 258 emails⁶ to feedback@teachingcouncil.nz were received during the consultation period⁵
13. Key themes from the feedback were:
 - 13.1 The scale of increases proposed is unreasonable and unfair
 - 13.2 Implementation of any increase should be delayed as the notice period for teachers is too short
 - 13.3 Fee increases should be introduced more moderately over a longer period of time
 - 13.4 Disproportionate impact of increases on groups of lower paid teachers including beginning teachers, part-time/relief teachers, ECE teachers
 - 13.5 Lack of value from / cost of current Teaching Council services should be addressed before any increases are proposed
 - 13.6 Proposed increases likely to exacerbate the issues with recruiting and retaining sufficient quality teachers
 - 13.7 Practising certificate fees should be borne by employers or government, not teachers
 - 13.8 Conduct and competence processes and the Leadership Centre should be funded by government, not by teachers

⁵ Includes the extension period for PPTA and members to 5pm Friday 13 March

⁶ All feedback, regardless of how it was received has been included in the analysis