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

<table>
<thead>
<tr>
<th>No additional government funding</th>
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</tr>
</thead>
<tbody>
<tr>
<td>(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.</td>
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<td>OR (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.</td>
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<td>OR (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.</td>
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<td>OR (v) government provides $5.14M in additional funding as per options (ii) AND (iv) above.</td>
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</tr>
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<td>OR (vi) government provides $10.14M in additional funding as per options (iii) AND (iv) above.</td>
<td></td>
</tr>
</tbody>
</table>

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
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:

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<tr>
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<td>(iii) government provides <strong>$8.0M</strong> in additional funding to the Council to allow it to defer implementing any potential increase in registration/certification fees until <strong>1 July 2021 at the earliest</strong> and to postpone any subsequent annual CPI related increase until <strong>1 July 2022</strong>. Gazetting any new fees and communicating these to the teaching profession would occur in <strong>May 2021</strong> after a new consultation process had been completed.</td>
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<td>(v) government provides <strong>$5.14M</strong> in additional funding as per options (ii) <strong>AND</strong> (iv) above.</td>
<td><strong>Yes/No</strong></td>
</tr>
<tr>
<td>(vi) government provides <strong>$10.14M</strong> in additional funding as per options (iii) <strong>AND</strong> (iv) above.</td>
<td><strong>Yes/No</strong></td>
</tr>
</tbody>
</table>
d. note that under option (iii) the Teaching Council will need to reconsult with the teaching profession on proposed fees in 2021.

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

Hon Chris Hipkins
Minister of Education

_03/04/2020_ /__/__/__
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:

<table>
<thead>
<tr>
<th>Alternate Proposal from 2020 fees consultation</th>
<th>Impact on Teaching Council financial sustainability</th>
</tr>
</thead>
<tbody>
<tr>
<td>No fees increase</td>
<td>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</td>
</tr>
<tr>
<td>Defer fee increase until 1 January 2021</td>
<td>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).</td>
</tr>
</tbody>
</table>
7. 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**

8. 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.

9. 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.

10. 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.

11. 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.
## Timelines for proposed options

<table>
<thead>
<tr>
<th>Option</th>
<th>Gazetting and communicating any new fees for registration / certification</th>
<th>Implementing any new fees for registration / certification</th>
<th>Subsequent annual CPI related increase</th>
<th>Size of any potential fees increase (if any)</th>
<th>New Consultation Process required?</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Teaching Council partially uses reserves / <strong>NO</strong> additional government funding to defer implementation of any fees increase.</td>
<td>Early May 2020</td>
<td>~September 2020</td>
<td>1 July 2021</td>
<td>$470 - $500</td>
<td>No</td>
</tr>
<tr>
<td>(ii) Teaching Council partially uses reserves / <strong>$3.0M</strong> in additional government funding to defer implementation of any fees increase.</td>
<td>Early May 2020</td>
<td>1 January 2021 at the earliest</td>
<td>1 July 2022</td>
<td>$470 - $500</td>
<td>No</td>
</tr>
<tr>
<td>(iii) Teaching Council partially uses reserves / <strong>$8.0M</strong> in additional government funding to defer implementation of any fees increase.</td>
<td>May 2021</td>
<td>1 July 2021 at the earliest</td>
<td>1 July 2022</td>
<td>$470 - $500</td>
<td>Yes (Error! Bookmark not defined.)</td>
</tr>
<tr>
<td>(iv) Teaching Council partially uses reserves / <strong>$2.14M</strong> 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.</td>
<td>Early May 2020</td>
<td>~September 2020</td>
<td>1 July 2021</td>
<td>$450 - $480</td>
<td>No</td>
</tr>
</tbody>
</table>
| (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

**Note:** 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

**Note:** Bookmark not defined. |
## Annex One – proposed fees options for consultation

<table>
<thead>
<tr>
<th>I am...</th>
<th>What you currently pay</th>
<th>What's proposed you would pay under Option 1</th>
<th>What's proposed you would pay under Option 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Registered teacher renewing my current practising certificate¹:</td>
<td>$220.80 for 3 years</td>
<td>$470³ for 3 years</td>
<td>$500³ for 3 years</td>
</tr>
<tr>
<td>A graduate from an approved New Zealand Initial Teacher Education (ITE) programme applying for Kaiako Whai Rēhitanga</td>
<td>$220.80 for 3 years</td>
<td>$470³ for 3 years</td>
<td>$300³ for 3 years</td>
</tr>
<tr>
<td>Teacher Registration and a Tiwhikete Whakaakoranga Tōmua</td>
<td>Provisional Practising Certificate:</td>
<td>$220.80 for 3 years</td>
<td>$470³ for 3 years</td>
</tr>
<tr>
<td>An overseas trained teacher² applying for Kaiako Whai Rēhitanga</td>
<td>Teacher Registration and a Tiwhikete Whakaakoranga Tōmua</td>
<td>$302.57 for 3 years</td>
<td>$570³ for 3 years</td>
</tr>
<tr>
<td>Provisional Practising Certificate:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A provisionally certified or certificated 'Subject to Confirmation' / Tiwhikete Whakaakoranga Pūmāu</td>
<td>Full Practising Certificate (Category Two) teacher now applying for Tiwhikete Whakaakoranga Tūturu</td>
<td>$302.57 for 3 years</td>
<td>$570³ for 3 years</td>
</tr>
<tr>
<td>Provisional Practising Certificate (Category One):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lodging my renewal application after the expiry date of my current practising certificate²:</td>
<td>$270.80¹ for 3 years</td>
<td>$570³ for 3 years</td>
<td>$600³ for 3 years</td>
</tr>
<tr>
<td>Applying for a Tūranga Whakaako Wha-herenga</td>
<td>Limited Authority to Teach (LAT):</td>
<td>$168.66 for 3 years</td>
<td>$470³ for 3 years</td>
</tr>
<tr>
<td>$112.44 for 2 years</td>
<td></td>
<td>$313² for 2 years</td>
<td>$333² for 2 years</td>
</tr>
<tr>
<td>$56.22 for 1 year</td>
<td></td>
<td>$157² for 1 year</td>
<td>$167² for 1 year</td>
</tr>
<tr>
<td>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 Certificate³:</td>
<td>N/A</td>
<td>$470³ for 3 years</td>
<td>$500³ for 3 years</td>
</tr>
<tr>
<td>A graduate from an approved New Zealand ITE programme applying for Kaiako Whai Rēhitanga</td>
<td>Teacher Registration only:</td>
<td>N/A</td>
<td>$470³ for 3 years</td>
</tr>
</tbody>
</table>

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 Pūmāu | Full Practising Certificate (Category Two) and Tiwhikete Whakaakoranga Tōmua | Provisional Practising Certificate

² Includes the proposed Professional Responsibility Levy of $135

³ Includes applications made under the Trans-Tasman Mutual Recognition Agreement (TTMRA)

⁴ Includes an additional fee of $100 in consideration of the additional costs incurred in evaluating overseas applications

⁵ Includes an additional fee of $100 in consideration of the additional costs incurred in evaluating these applications

⁶ 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.

⁷ Includes the existing Late Fee of $50

⁸ Includes the proposed Late Fee of $100

⁹ Includes the proposed Professional Responsibility Levy of $135 per 3 years on a pro-rata basis

¹⁰ 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 period\(^5\) (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 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 period\(^5\)
12. 258 emails\(^6\) to feedback@teachingcouncil.nz were received during the consultation period\(^5\)
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

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\(^5\) 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