MINISTRY OF EDUCATION
TE TĀHUHU O TE MĀTAURANGA

Education Report: Budget 2022 – FTE Implications Letter

To:	Hon Chris Hipkins		
Date:	16 December 2021	**Priority:**	High
Security Level:	Budget Sensitive	**METIS No:**	1279329
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Messaging seen by Communications team:	No	**Round Robin:**	No

Purpose of Report

This report provides a draft letter to the Minister of Finance detailing the Full Time Equivalent Staff (FTE) implications of your Budget 2022 Education package for you to sign and send to the Minister of Finance. The purpose of this paper is for you to:

Sign the attached letter and send it to the Minister of Finance informing him of FTE implications for the Budget 2022 Education package.

Summary

1 You provided the Minister of Finance with a Budget 2022 submission letter on 7 December [METIS 1278914]. In this letter you notified him of your intention to submit further information on the FTEs required for this package, and the impact of these on the broader labour market.

2 If all initiatives in the Budget 2022 Education package were to be funded at their submitted level, 9(2)(f)(iv) FTEs would need to be recruited by the Ministry with 9(2)(f)(iv) of these being for direct frontline support.

3 There are also implications for teacher supply, with 9(2)(f)(iv) of the 9(2)(f)(iv) Ministry roles being sourced from the teacher supply workforce, and an additional 9(2)(f)(iv) Full Time Teaching Equivalent (FTTE) being needed for alternative education in the sector.

4 9(2)(f)(iv)

5 The attached letter to the Minister of Finance details the historical growth in Ministry staffing and highlights the benefits for learners we have achieved with this. It also sets out the staffing requirement for the Budget 2022 Education package and the workforce supply constraints that we have considered.

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Recommended Actions

The Ministry of Education recommends you:

a. **note** that you agreed to send a letter detailing the FTE considerations for Budget 2022 to the Minister of Finance

Noted

b. **note** that the Budget 2022 Education package you submitted on 8 December required 9(2)(f)(iv) FTE for the Ministry, 9(2)(f)(iv) FTTE for alternative education, and 9(2)(f)(iv) 9(2)(a)

Noted

c. **note** the breakdown of FTE in the Budget 2022 Package provided in Annex B

Noted

d. **agree** to sign and send the attached letter to the Minister of Finance to detail the FTE considerations for Budget 2022

Agree / **disagree**

e. **forward** this report and the attached letter to your associate Ministers for their information

f. **do not release** this Education Report proactively at this time because the information contained within it is Budget sensitive.

Release / **Not release**

Andy Jackson
Deputy Secretary
Te Puna Kaupapahere

16 / 12 / 2021

Chris Hipkins
Minister of Education

19 /12 /2021

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Background

1 On 8 December you responded to the Minister of Finance's invitation to submit a package of initiatives for Budget 2022, this package totalled 9(2)(f)(iv) billion with a separate savings initiative of 9(2)(f)(iv) million.

2 In your letter to the Minister of Finance you highlighted that 9(2)(f)(iv) FTEs would be required for the Ministry and that officials were aware of the tight labour market and working to reduce workforce pressures. You also said that you would provide a supplementary letter with a more detailed analysis of the FTE required.

Growth in the Ministry from 2018

3 Since 2018 the Ministry has grown from 2,904.2 FTEs to 3,900 FTEs, an annualised growth rate of 11%. The majority of this growth has occurred in frontline and school supporting functions, particularly learning support (251 FTEs), school infrastructure (251 FTEs), and in curriculum progress and achievement (200 FTEs). The remaining growth (300 or so FTE) have been employed throughout the Ministry in particular to support the growth and development of Te Ao Māori and digital capability, as well as the necessary back-office functions to support the new FTEs.

4 An increase of 251 roles since 2018 in frontline learning support learners has contributed to a reduction across all four core learning support services, with ORS wait times in particular improving by 48%.

5 Schooling infrastructure has received substantial investment, around $2.7 billion of capital since 2018. To enable effective delivery and management of an investment of this size has required an increase of 251 FTEs, from 256 in 2018 to 507 in 2021.

6 Curriculum progress and achievement is another area of the Ministry that has experienced growth, driven by an ambitious programme of reform, including the Review of NCEA, the Refresh of the New Zealand Curriculum, Aotearoa New Zealand Histories, and engaging curriculum advisors in the front line to support schools. This programme has been supported by the establishment of Curriculum Centre (Te Poutāhu) within the Ministry of Education as part of Te Mahau. Overall, 200 FTE have been added to support this work programme, growing from 140 in 2018 to 340 in 2021.

FTEs in the Budget 2022 Education Package

7 The Budget 2022 Education Package continues the reforms begun in Budget 2021, with an increase in frontline support for schools through the Reform of the Tomorrow's Schools System. This changes the way the Ministry provides services, requiring a change in culture and capability, requiring us to grow trust and confidence from the sector and allows us to increase the support given to early learning, schooling, and tertiary and employment interfaces.

8 We are aware both of the previous growth in the Ministry and the new capability this has created and have taken this into account when developing the Education package. We have worked hard to reduce the total FTEs asked for from circa 9(2)(f)(iv) FTEs at 15 November [METIS 1277130] to 9(2)(f)(iv) FTEs for 10 December submission.

9 In developing the Education package, we have been aware of the impact of recruitment on the teacher supply workforce and the labour market more broadly. At the request of your office, we have attached a table as Annex B providing a breakdown of the total

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and type of FTE sought by initiative. The Education package requires the following new staff:

a. 9(2)(f)(iv) FTE to be recruited by the Ministry of Education
b. 9(2)(f)(iv) FTTE to be recruited into the sector for alternative education
c. 9(2)(f)(iv)

10 Implementing the Education package will require 9(2)(f)(iv) FTE to be recruited by the Ministry of Education over the four-year forecast period. This represents a 9(2)(f)(iv) increase in Ministry staff, a smaller increase than in previous years. Furthermore, 9(2)(f)(iv) of these FTE will provide frontline support to teachers and learners further giving effect to Te Mahau. Curriculum and assessment roles make up 9(2)(f)(iv) of the 9(2)(f)(iv) total Ministry FTE. These roles would need to be drawn from the sector teaching workforce, and some further recruitment may be necessary to replace these in the sector.

11 Of the 9(2)(f)(iv) total Ministry FTE curriculum and assessment roles make up 9(2)(f)(iv) FTE and will largely be drawn from the sector teaching workforce. An additional 9(2)(f)(iv) FTTE will need to be recruited to put qualified teachers into alternative education. 9(2)(f)(iv) These are substantial numbers but represents a growth of only 9(2)(f)(iv) on top of the existing 67,314 current teaching workforce. Recruitment for these roles will be phased in over four-years and largely draw from the primary teaching workforce, where excess supply is projected. This recruitment is also helped by a package of teacher supply initiatives the Ministry has in place.

12 Whilst the labour market continues to be tight, with no indication of this easing, we have considered how realistic recruitment is when building this package. For example, the 9(2)(f)(iv) curriculum and assessment roles being drawn from the teaching workforce will not negatively impact recruitment from other sectors. The Ministry has also retained a 9(2)(f)(iv) vacancy rate over the past few years, this has given us an opportunity to offset FTE in the package with current recruitment and will allow us to further refine the total FTE sought as we progress through the Budget 2022 process.

Next Steps

13 We will continue to work with the Treasury so that any changes to the education package will be developed in-line with current workforce constraints.

14 We anticipate further discussions with the Treasury and Minister of Finance will occur in the new year. The Minister of Finance has indicated that the final Education Budget allowance is very likely to be smaller than the 9(2)(f)(iv) offered for this December submission.

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15 We recommend this Education Report is not released at this time because the information it contains is Budget sensitive. This is consistent with section 9(2)(f)(iv) of the Official information Act 1982, which states that good reason for withholding official information exists if withholding it is necessary to maintain the constitutional convention that protects the confidentiality of advice tendered by officials.

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Annexes

Annex A: Supplementary FTE Letter to the Minister of Finance
Annex B: FTE Sought in Budget 2022 Package

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Hon Chris Hipkins

MP for Remutaka

Minister for COVID-19 Response
Minister of Education
Minister for the Public Service
Leader of the House

20 December 2021

Hon Grant Robertson

Parliament Buildings

WELLINGTON

Dear Grant,

As promised in my 7 December letter, I am providing you with supplementary information about the recruitment required in my Budget 2022 education package. My officials have worked hard to reduce the recruitment required, so that this package is deliverable in light of recent growth of the public sector and the tight labour market. I am confident that the package I have submitted to you can be delivered within current market constraints.

Recent growth in the Ministry of Education's sector-facing and frontline workforce

The Ministry provides frontline services not only directly to children but also to early learning services, schools, iwi and communities. These staff are critical to delivering a world class inclusive education system that puts learners at the centre. This large programme of work, which takes in areas such as property, IT, curriculum and learning support, requires staff on the front line. Of the Ministry's 3,900 FTE staff, 70% (over 2,700 FTE) are frontline staff including 1,156 learning support workers who provide services directly to children in the early learning and schooling system.

I acknowledge the Ministry has been increasing Full Time Equivalent (FTE) year on year. The table below shows the historical increases from June 2018. While this growth has been substantive, averaging around 11% per annum, the majority of this growth (64%) has been in frontline staff that directly support learners or the sector.

Metrics	2018	2019	2020	2021
FTEs Employed	2,904.2	3,252.8	3,486.5	3,900.0
Year on year % change		12%	7%	12%

These additional roles have allowed us to significantly improve supports directly provided to learners and the sector. There has been a 251 FTE increase in frontline learning support workers since 2018, reducing waiting times across all four core learning support services, with ORS improving by 48% compared to 2018 despite substantial population growth and increased demand.

In the Manifesto we committed to a large-scale programme of upgrades to learning environments for students within 10 years. Between Budgets 2018-2021 we have invested around $2.7 billion of capital, the investment to date will add around 39,000 new student places through the NEGP. This investment also includes the School Investment Package, delivering upgrade projects to around 2,050 state schools, continue the Christchurch schools rebuild programme, and fund an acceleration of the redevelopment of more than 50 of the 320 schools through the National School Redevelopment Programme. To enable effective delivery and management of such a large investment, we have required an increase of 251 FTE in the school infrastructure group since 2018.

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The other area where there has been significant growth in Ministry staff has been in curriculum, progress and achievement. As a Government, we have put in an ambitious programme of reform in this area including the Review of NCEA, the Refresh of the New Zealand Curriculum, Aotearoa New Zealand Histories, and engaging curriculum advisors in the front line to support schools. This has also been supported by the establishment of the Curriculum Centre (Te Poutāhu) within the Ministry of Education as part of Te Mahau. This is core to our vision of a more supported, networked education system. It has resulted in an extra 200 FTE since 2018 in this part of the Ministry/Te Mahau.

The remaining growth in the Ministry has been to increase the Te Ao Māori lens across their work, improve digital capability, as well as the required back-office functions to support the additional front-line roles.

Expanding supports provided by the Ministry of Education

The education package I have submitted forms part of the most significant growth in frontline support for the sector in the life of the Ministry of Education as we continue to invest in the reform of Tomorrow's Schools System. This will require the Ministry to change the way they deliver services, build new culture and capability, embed trust and confidence in the sector and increase the supports available across early learning providers and secondary, tertiary and employment interfaces.

This will require additional recruitment for the Ministry with an additional 9(2)(f)(iv) FTE by the end of the forecast period. I acknowledge this is a large number, however, I want to emphasise this increase is smaller 9(2)(f)(iv) than we have had in recent years and is targeted towards frontline sector support with 9(2)(f)(iv) of the FTE being frontline roles.

A key question you have asked me and other Ministers in the budget process, is whether given the current strong labour market, it is realistic to recruit the additional staff sought. Many of the additional FTE sought in Budget 2022 for the Ministry are drawn from the education workforce specifically. For example, this package includes 9(2)(f)(iv) This workforce currently has a headcount of 67,314 and strong supply projections, reducing any labour market pressures on other sectors.

My officials have worked hard to minimise the FTE required to implement these changes including considering the timing of recruitment, phasing recruitment over a number of years, and investigating existing vacancies before additional roles are recruited. For example, in the Reform of Tomorrow's Schools initiative, where a number of the new FTEs are located to deliver on key Manifesto Commitments such as leadership 9(2)(f)(iv) any new roles will phase in over a number of years to ease recruitment pressures and phase in any changes for the sector.

I note the Ministry has been carrying a vacancy rate of around 9(2)(f)(iv) over the past few years. This has been taken this into account in developing these education initiatives and has reduced the additional recruitment required in my education budget package. My officials will continue to explore these existing vacancies for possible further reductions in the additional recruitment required as we continue through the Budget 2022 process.

These changes have helped reduce the recruitment requirements to lower than previous years. The Ministry and Treasury will work together throughout the Budget process so that any changes to the education package will be developed in-line with current workforce constraints.

Teacher supply implications

In addition to the 9(2)(f)(iv) roles in the Ministry noted above, my education package would require an additional 9(2)(f)(iv) Full Time Teaching Equivalent (FTTE) employed by the sector in 2023, rising to 9(2)(f)(iv) by 2025, to allow us to put qualified teachers into alternative education. Again,

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while this is significant number of new sector roles, they will be drawn from a large workforce. A number of these roles are likely to be filled from the primary teaching workforce, where teacher supply is significantly less constrained due to falling demographics.

9(2)(f)(iv) [redacted]

Teacher supply is driven by a wide range of economic factors and government policy choices. The Ministry already has a package of initiatives in place to deliver additional teachers and will keep monitoring the market and report back to me with urgency if anything changes in our ability to deliver supply. I am confident on current projections we would be able to recruit these staff and deliver these initiatives.

Conclusion

I acknowledge the Budget 2022 education package I have submitted will require substantive recruitment to deliver. However, I consider these initiatives and changes to be important to improve outcomes for learners and deliverable given above considerations. Throughout the remainder of the Budget process my officials will continue to work closely with the Treasury so that any changes to the education package will be developed in-line with current workforce constraints.

I hope you find the provided information beneficial, and I look forward to discussing further with you how we can deliver an effective Budget 2022 education package.

Yours sincerely

Hon Chris Hipkins

Minister of Education

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Total New FTE Sought Under Recommended B22 Package						
Title	Ministry / Sector	Back Office Staff		Frontline Staff		Total FTE
		Permanent	Fixed	Permanent	Fixed	
Continuing to move towards pay parity for education and care teachers	Ministry	3	-	-	-	3
Equity Index – Implementation in schools and kura, and system infrastructure costs for early learning services	Ministry	2	2	-	-	4
Continuing the Reform of the Tomorrow's Schools System	Ministry	-	9(2)(f)(iv)			
9(2)(f)(iv)						
9(2)(f)(iv)						
9(2)(f)(iv)						
School Transport - baseline and ICT transformation	Ministry	4.5	-	-		4.5
New Funding to grow Māori Language Education Provision Across the System	Ministry	1	6	-	-	7
Iwi / Māori Workforce Support Package	Ministry	1	-	-	-	1
9(2)(f)(iv)						
Dawn Raids Apology: Maintain value of Tulī Takes Flight, Pacific Education Foundation and Tagaloa scholarships	Ministry	1	-	-	-	1
9(2)(f)(iv)						
Teaching, Learning and Assessment for Progress in Literacy and Maths	Ministry	-	-	23	8	31
Developing Te Reo Matatini, Pāngarau and Aromatawai Research, Tools, Resources and Supports for Workforce and Ākonga	Ministry	-	-	31	2	33
Creating safe, inclusive schools – Targeted and Intensive supports for Māori & Pacific learners at risk of disengaging	Ministry	-	-	9(2)(f)(iv)		
9(2)(f)(iv)						
9(2)(f)(iv)						
9(2)(f)(iv)						
9(2)(f)(iv)						
Creating safe, inclusive schools: Strengthening Positive Behaviour for Learning School-Wide (PB4L-SW)	Ministry	-	-	16.2	2	18.2
9(2)(f)(iv)						
Maintaining Community-led Learning Hubs to support ethnic communities' engagement in education	Ministry	-	-	1	-	1
9(2)(f)(iv)						
9(2)(f)(iv)						
9(2)(f)(iv)						
Total Ministry		9(2)(f)(iv)				

Redesign of Alternative Education Provision	Sector	9(2)(f)(iv)

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