Submission

on New Zealand Income Insurance Scheme

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File number: r/a/s

About PPTA Te Wehengarua

PPTA Te Wehengarua represents the majority of teachers engaged in secondary education in New Zealand, including secondary teachers, principals, and manual and technology teachers.

Under our constitution, all PPTA Te Wehengarua activity is guided by the following objectives:

- to advance the cause of education generally and of all phases of secondary and technical education in particular;
- to uphold and maintain the just claims of its members individually and collectively; and
- to affirm and advance Te Tiriti O Waitangi.

This submission is from the PPTA Te Wehengarua Executive and is on behalf of all of our members.

PPTA Te Wehengarua Supports NZIIS

The Post Primary Teachers' Association Te Wehengarua (PPTA) supports the introduction of the New Zealand Income Insurance Scheme (NZIIS).

PPTA members are teachers subject to the rise and fall of the young adult population in their school catchment area, and the subsequent rise and fall of their school roll. During times of falling rolls, teachers can experience redundancy through a Curriculum and Pastoral Needs Analysis (CAPNA) process. Teachers and principals may also face redundancy from school mergers or closures and reorganisations. These are often distressing times for the entire school community, and particularly for the teachers who are made redundant. Teachers may also lose positions through medical retirement when serious illness or injury prevents them from doing a job that they love, and places them in uncertain financial territory.

PPTA members, like many New Zealanders at this time, are experiencing the economic impacts of a period of significant disruption during the pandemic. The underfunding of the education system meant that several hundred positions which were supported by foreign fee-paying income were placed at risk with the start of the pandemic. Other teachers have not faced redundancy and economic hardship that other industries have seen, but they have seen and felt these first hand in their classrooms, schools and communities. Teachers see the immediate impact on their students when a parent or caregiver loses their source of income.

The pandemic has also provided an increased awareness of the precarious nature of short-term relief teaching work. These teachers were unable to work during lockdowns, and accordingly the government provided an emergency payment based on their average hours of work in the weeks preceding the lockdowns. PPTA is pleased to note that the NZIIS will cover these teachers as well. Short term relievers are an essential component of the education workforce.

Alongside this, PPTA members are union members. There are of course many motivations for union membership, but amongst them is a belief in the ability of collective action to improve conditions not only for themselves, but for the benefit of all. They understand, and value, a course of action that will benefit workers outside the teaching profession who are in need of an additional welfare mechanism to prevent wage scarring and the long term, sometimes intergenerational, effects that can have on quality of life. Our members are acutely aware that the students they teach today will tomorrow be part of the workforce and that many will face insecure employment and possible redundancy over the course of their employment.

While we support the introduction of an income insurance support scheme as a wider social and economic benefit across the whole workforce and recognise the benefits of greater income security to all families and workers, the next section of this submission will focus specifically on how we see the scheme impacting on the secondary teaching workforce.

How the scheme may interact with existing provisions in the Secondary Teachers' Collective Agreement

The Secondary Teachers' Collective Agreement (STCA) provides for teachers facing redundancy and medical retirement. In many instances the provisions in the STCA are more than those proposed under the NZIIS. However, it is worth noting that teachers would be paying for the enhanced protections it provides in the same way that they pay for the additional protections provided by ACC over and above the sick leave provisions of the collective agreements.

The relevant sections of the STCA are:

3.11 Termination of employment

Permanently appointed teachers must be given two months' notice of termination of employment at full pay or payment in lieu. This appears to exceed the minimum requirements of the scheme.

Teachers appointed on fixed term contracts may in some cases be given less than two months' notice of an early termination of their employment and the scheme seems likely to extend income protection for these more vulnerable education workers.

3.12 Medical retirement

Serious illness – The STCA provides three options for teachers who are unable to continue to teach due to serious illness:

a) A lump sum equivalent to 13 weeks' salary, plus one additional week for each year of service after 25 years, up to a total of 26 weeks.

b) Remaining employed and on sick leave until their sick leave entitlement is used up.

c) A lump sum equivalent to their sick leave entitlement.

As PPTA understands it, the NZIIS provisions would begin at the point that the teacher is no longer employed. In instances a) and c) teachers would receive their payment and then be eligible for the six months of income insurance under the

scheme. Under instance b) the income insurance scheme would start at the point at which the teacher's sick leave has run out and their employment ends.
In all three of these cases, this represents a significant benefit for teachers and schools. The benefit for teachers comes in terms of an additional period of financial stability when they are unable to continue working in schools or to give them time and opportunity to retrain and find alternative work where that is appropriate to their circumstances. For schools the provision gives security around when employment will end so that new permanent appointments can be made.

3.9 Surplus staffing processes (falling rolls, mergers, closures, reorganisations)

This section of the STCA relates to redundancy options available to teachers when their position is disestablished and they are made redundant because of falling rolls or changes to the organisation of the school. When a teacher is made redundant there are options they can choose. The first two are lump sum pay-outs designed for those who will not return to the teaching workforce if made redundant.

It is worth adding that while these first two options might at first glance appear to incentivise teachers to volunteer for redundancy, take the payment, and then find another teacher position, this option comes with penalties. Anyone taking the options would lose their service credits and their accumulated sick leave is zeroed. In practice these provisions are used by teachers who are retiring or leaving the profession with no intention of returning.

a) Severance and long service payments
These are pay-outs after a period of notice (7-23 weeks ordinary pay for teachers with fewer than 5 years teaching service, 25 or 30 weeks for those with more). Notice is given by 27 November that the position will be disestablished on the 27 January, to give a minimum of two months' notice. From 28 January the teacher is then briefly supernumerary and paid fortnightly at their normal salary rate until their severance or long service payment is made on 1 March.

In this case we understand that this is a redundancy benefit composed of a period of salary and a lump sum payment and that the income scheme would apply from the day the position is disestablished following the period of notice, i.e. 28 January, and that the scheme would apply to that in parallel with the redundancy payment which is a term of conditions in the collective agreement.

The next two options are designed to retain those made redundant within the teaching workforce.

b) Supernumerary – the teacher is notified their position is disestablished but they remain on full pay for up to 30 or 40 school weeks while looking for another teaching position.

c) Retraining - the teacher is notified their position is disestablished but they remain on full pay for 40 school weeks while studying in a programme that will increase their chances of returning to the teaching workforce.

Again, the teacher normally receives notice of disestablishment at the end of November and the position is disestablished at the end of January. The redundancy benefit of the collective agreement is that payment is made fortnightly at the normal salary rate for the disestablished position until the teacher finds a new position or is retrained and able to look for another position. If a suitable position is created in their previous employing school during the period covered by their payments they have a conditional right to (re)appointment to it.

In terms of the proposed scheme, it appears to us that the two key trigger points remain the notice of disestablishment and the stated date the position is disestablished. The collective agreement benefit of an extended period of payment is simply a form of redundancy pay which is agreed by the employer as a term of condition of employment, no different to a lump sum payment. We see that the intention of the scheme is that the social insurance payments would begin from the date the position is disestablished and (as insurance separate from existing arrangements and employment agreement benefits) payments under the scheme would be made from the date of disestablishment and for a time run in parallel with those made under the collective agreement.

In either scenario, the income insurance scheme provides additional support, over and above the provisions in the STCA.

Areas to consider

While PPTA supports the income insurance proposal, there are areas where we think improvements could be made. In this section we consider again the wider workforce.

1. The length of payment eligibility

The STCA provides for 30 – 40 weeks of provisions for teachers whose positions are disestablished. This equates to between three quarters of a school year, and the whole school year. This is because the aims of the STCA are similar to those of the NZIIS in that they seek to give teachers the best possible chance to find new employment, including retraining. For some teachers six months is not enough time for this, and nor is it likely to be so for many other workers who are genuinely seeking alternative work and/or undergoing retraining. With that in mind we would encourage that this scheme is extended for up to a full year, in order to fully achieve its goals.

2. Payments should not leave affected workers with less than minimum wage

We believe that the payments should be to guarantee 80% of expected income, or minimum wage, whichever is higher.

A small number of people are employed fixed term on limited authorities to teach (LATT) because of a lack of trained and qualified teachers, particularly in remote and hard to staff schools. We are pleased that LATT holders, although always on fixed term contracts, would be eligible for the NZIIS. However, the first step of the untrained teacher scale is $43,381 (as of July 2021). A LATT teacher receiving 80% of this salary would be receiving less than the minimum wage.

There will be many other workers who earn minimum wage or close to it and will be in this position. While we recognise that other supports will be available to workers who lose jobs it does seem absurd that the payment should be less than the minimum wage, which itself is less than the living wage, if the response has to be a ‘top-up’ by government through its other schemes.

To better achieve the goals of the scheme and to simplify the support system around workers who lose jobs it would seem to make more sense for the scheme to be funded by workers, employers, and by government contribution sufficient to provide for the higher of 80% of income or the minimum wage (and preferably the living wage). That appears to be largely a transfer of support costs for government.