

## Fixed Term Appointments

The key principle employment is based on in New Zealand is that employees should be permanently employed unless there are *genuine reasons based on reasonable grounds* for a fixed-term appointment. The legislation governing this issue is s66 of the Employment Relations Act 2000.

Permanent employment enhances a feeling of stability for staff and students, increases staff morale and shows a commitment to staff development. In a school setting, where some funding streams for the support of students with additional needs can be needs-based or tagged to students, and staffing entitlements are governed by fluctuating rolls, there are often concerns about how to ensure compliance with legislation and not expose your school to financial risk. Therefore, it is essential to seek advice from [GovHub School Board Services](#) (the service delivery arm of Te Whakarōputanga Kaitiaki Kura o Aotearoa – New Zealand School Boards Association) before entering any fixed-term employment arrangement.

### Case law

The starting point when making an appointment should be that employment is permanent unless there is a genuine reason based on reasonable grounds for it not to be. Two pieces of case law are relevant to schools when considering this, although advice should be sought before offering a fixed-term position.

In *New Zealand Educational Institute (Inc) v Board of Trustees – Red Beach School*, teacher aides were **employed on fixed-term agreements because funding was tied to the number of children enrolled**. The Employment Relations Authority said that while this was a genuine reason, the roll was stable, there were always waiting lists for places, and roll fluctuations could be managed under the agreement's provisions for variations of hours. As such, while there was a genuine reason to have fixed-term agreements, it was not based on reasonable grounds. The teacher aides were, therefore, deemed to be permanent employees.

The Employment Court decision in *Morgan v Transitz Coachlines Wairarapa Ltd* addresses the issue of uncertain funding. In this case, the plaintiff was a school bus driver who had been employed by Transitz Coachlines on a series of fixed-term contracts. The Court rejected the employer's argument that the employee's fixed-term employment was necessary and justified given his employment was dependent on MoE funding under a series of contracts from the employer absent of a guarantee of renewal. The Court held that **the fact that financial uncertainty exists for an employer cannot override the statutory requirements under section 66 of the Employment Relations Act**. The Court accepted that there was a risk that the contracts between the MoE and Transitz Coachlines might not be renewed and that it was highly likely that non-renewal would have a financial impact on Transitz Coachlines. However, this financial uncertainty was not enough to justify employing Mr Morgan on a fixed-term basis.

## **Genuine reasons for fixed-term appointments**

There are several school scenarios where fixed-term appointments may be necessary for genuine, operational reasons. These include:

- Cover for approved leave of a permanent employee, such as parental leave, long-term sick leave, and study leave.
- Employing an employee for a specific project that runs for a limited time.
- Filling a temporary vacancy that has arisen on short notice where it is not possible to run a full recruitment process until later in the year.
- Making teaching appointments in schools with steadily and consistently dropping roll numbers where the Ministry of Education has provided the school with instructions not to make a permanent appointment to avoid a surplus staffing situation.

## **Reasons that will not be accepted as genuine justifications for term appointments**

The following would not be accepted as being *genuine reasons* for a fixed-term appointment:

- Employing someone on a fixed-term basis as a trial to see how they measure up.
- Employing someone on a fixed-term basis to limit the employee's statutory rights i.e. in terms of the employee's leave entitlements or access to redundancy provisions.
- Employing someone on a fixed-term basis because the school's roll has increased for years but there is an imagined risk that next year may be different because you never know with absolute certainty what the coming year will look like. (In this case, there are unlikely to be reasonable grounds for fixed-term employment.)
- Employing support staff on rolling fixed terms despite there being an established pattern of ongoing work.

## **The support staff 'grey areas'**

The uncertainty of the current mechanisms for funding support staff does not automatically constitute a valid reason for those support staff to be employed on fixed terms. The decision around whether each employee is permanent or fixed term comes down to a case-by-case determination.

Generally, where there is an ongoing established pattern of work from year to year, the support staff employee should be employed permanently. The Support Staff in Schools Collective Agreement gives employers the ability to vary some employees' hours annually where that has been specified in their employment documentation. In most circumstances, this will be the appropriate tool to address fluctuations in funding. Notwithstanding this, there may be some scenarios where it is clear at the outset that a position will need to end. Factual circumstances are essential to determine whether there are reasonable grounds for deciding to employ someone on a fixed term. A consideration of the circumstances must be made for each specific offer of fixed-term employment and advice sought before making that offer.

## **NZEI Te Riu Roa's advice is:**

- When making an appointment, start by asking yourself, "Is there a reason that this position could not be permanent?"

- Seek advice from the NZEI Te Riu Roa Principals' Helpline (0508 774 624)
- If you are considering the appointment of an employee on a fixed term, seek GovHub sign-off by either:
  - using one of the pre-approved templates [on their Resource Centre](#) (provided it applies to your situation without requiring amendments), or
  - by contacting them (0800 782 345 or [eradvice@govhub.org.nz](mailto:eradvice@govhub.org.nz)) to receive (written) confirmation that the fixed term is genuine and to be supplied with a legally compliant letter of offer to use in your individual situation

*Note: if you make a fixed-term appointment that is later found to be non-compliant with section 66 of the Employment Relations Act and this results in costs to the school, your insurer will not cover these unless you have GovHub approval.*

- When offering fixed-term employment, the prospective employee should be advised of why fixed-term employment is offered and their entitlement to seek advice on this. Appropriate time should be offered for this to happen.
- Where possible, avoid employing teacher aides based on being attached to a specific child. If you are considering doing so, contact GovHub.
- The regular pattern of a support staff employee's hours from year to year should be the basis for permanent hours of work. Clause 2.5 of the Support Staff Collective Agreement gives you the ability to vary some support staff employees' permanent hours up to once every 12 months, where their employment documents specify this, if you have a shortfall in funding. Any such variation in hours must be consulted and if no alternatives are available, after allowing at least a month for consultation, the employee must be notified in writing and provide one month's notice of the variation (clause 2.5.3(f)). *(Note: Teacher Aide hours may not be reduced by more than 20% in any 12-month period – see clause 2.5.2).*
- NZEI Te Riu Roa and GovHub have worked together to develop consistent advice for schools on this subject. Further material about fixed-term appointments can be found at <https://www.resourcecentre.org.nz/helpforprincipals/recruitment/the-process/fixed-term-employment-agreements/>

## Letters of appointment

GovHub has templates for fixed-term employment letters on [their website](#). These letters have been reviewed by NZEI Te Riu Roa. Many schools have chosen to add a paragraph along the following lines to the letters:

*It is your decision as to whether you opt to become a member of NZEI Te Riu Roa. If you do, you will be covered by the applicable collective agreement. xxxx School is an NZEI Te Riu Roa friendly school. If you would like to seek further advice about the union you can speak to our onsite NZEI Te Riu Roa worksite representative (insert name), contact the union at 0800 693 443 or you can join online at [www.nzei.org.nz/join](http://www.nzei.org.nz/join)*

Any letter of appointment for a fixed-term employee must clearly state the *genuine reasons based on reasonable grounds* for the fixed-term appointment. It must also state when the fixed term will end (i.e. a specific date) or the event that would bring the fixed term to an end (e.g. the return of the permanent employee from leave or the cessation of funding such as ACC).

As of 20 July 2026, letters of appointment need to specify if the hours of work can be varied (clause 2.5.3(a)(ii)). More information on this change can be found in the GovHub Resource Centre [here](#).