

Factsheet

Care and Support Workers (Pay Equity)

Settlement Agreement

July 2017

Background

On 18 April 2017, the Government announced a \$2 billion pay equity settlement for 55,000 care and support workers in New Zealand's aged and disability residential care and home and community support services.

The Care and Support Workers (Pay Equity) Settlement Bill relates to workers funded by the Ministry of Health, the Accident Compensation Corporation (ACC), and district health boards (DHBs). The Bill excludes workers funded through Ministry of Social Development (MSD) /Ministry for Vulnerable Children (MVCOT) contracts.

A settlement was agreed between the Crown, Crown agencies, and relevant unions in April 2017. The agreement establishes a matrix of pay rates, linked to qualifications, to be phased in over the 5-year term of the agreement. The parties to the settlement agreed that elements of it would be legislated.

The Settlement Agreement is the result of the TerraNova case which successfully argued a caregiver's pay is less than would be paid to a male with the same skill set in a different occupation, because caregivers are predominantly female.

MSD / MVCOT Settlement Agreement

1678 care and support workers are funded through 263 contracted services which are accessed by about 24,500 MSD and MVCOT clients. These workers are not covered by the Care and Support Workers (Pay Equity) Settlement Bill.

Implementation has a projected cost of \$55.8 million over five years.

The MSD/MVCOT settlement agreement will align the pay rates of disability care and support workers with the pay rates of workers carrying out similar work and covered by the TerraNova Settlement.

The Ministries regard the implementation of the pay equity settlement agreement as an opportunity to contribute to a better paid, more stable and highly trained workforce, resulting in higher quality and more consistent care for clients.

Implementation

The Ministries have reached an agreement with unions to fund significant pay increases and supporting staff training, effective as from 1 July 2017.

Cabinet approved funding on 10 July 2017 to implement a Settlement Agreement for workers funded through MSD and MVCOT contracts.

The Settlement Agreement requires approval by Ministers, and ratification by the unions.

Following union ratification, implementation of the settlement agreement will be achieved through a standard variation to contract with employers who are funded by MSD/MVCOT for services carried out by workers who are eligible for the pay increase.

A payment in advance will be made each quarter to providers based on an estimation of their annual additional wage and on-costs.

The first payment will be made on receipt from the provider of the signed variation, confirmation they have completed and are holding on file the "MSD pay equity estimation tool.xlsx" tool, and a GST tax invoice based on one quarter of the "Estimated Annual Provisional Payment" generated by the tool specified by number of employees in each level and the corresponding additional cost.

The provider must provide a copy of the completed tool at MSD's request. Payment will be made within 10 working days of receipt of all required documentation.

Six months after the implementation of the settlement agreement, there will be a wash-up / reconciliation process to ensure payments to providers align with actual staff hours and wage costs.

Audits are required to reconcile funding claims with actual costs and for the purpose of checking that providers are complying with their obligation to pay employees the appropriate pay rates; audits can be random, targeted, or responding to a complaint.

Privacy Considerations

The settlement agreement will require records to be kept which associate details of employment with the unique identifier of an employee number. Employee names are not required to be associated with the data. The records relating to individual employees must include:

- Level of qualification
- Length of time of continuous employment
- Wages and time record

Consultation

The following individuals and organisations have been and continue to be consulted with throughout the implementation process:

- Ministers
- Unions (E tū and PSA)
- Ministry of Health
- The Treasury
- MSD / MVCOT Executives
- Disabled People's Organisations (DPOs) and disability sector, advocates
- Employers

Eligibility

The settlement agreement covers care and support workers employed by providers who receive funds through contracts with MSD and MVCOT.

- Workers are eligible if they have job titles/job descriptions that identify them as care and support workers.
- Workers are eligible if they spend more than 50% of their time providing care and support services including help to wash, dress and eat, help with the laundry, housework and shopping, or help getting to appointments.
- If a worker is eligible, they may be entitled to the minimum hourly wages for all or part of the care and support services they provide. A provider will have to decide if some of the services are excluded from entitlement.
- Casual workers are covered by this agreement; however, they are not regarded as having 'continuous service', hence the minimum hourly wage rate is calculated based on qualification.
- Workers are eligible for the new wage rates regardless of whether or not they belong to a union.
- Supervisors are outside of the scope of this settlement. The pay rates that supervisors and managers receive are a business decision for the provider.

If employees have questions about whether they are eligible under the settlement and they wish to speak to someone other than their employer, they can contact:

If employees work in Aged Residential Care:

- NZNO 0800 283848
- E tū 0800 186 466

If employees work in Home and Community Support Services:

- PSA 0508 367 722
- E tū 0800 186 466

If employees work in Disability Support:

- PSA 0508 367 722
- E tū 0800 186 466

New Pay Rates

Pay rates will increase in line with those agreed in the care and support workers agreement (the Terranova Settlement):

- Hourly wage rates will go up from around \$16-\$17 (going up to \$21-\$23) and vary from \$19 to \$27 per hour, depending on qualifications.

- Wages will increase annually over the next five years (on 1 July 2017, 1 July 2018, 1 July 2019, 1 July 2020 and 1 July 2021), with a further year adjustment should the labour cost index exceed 1.7 per cent average growth over years 1-4.

All existing care and support workers will increase their pay rates effective 1 July 2017 on the basis of either service or qualifications, whichever is the most advantageous to them.

Length of Service	Qualification	Pay Band	1 July 2017 Year 1	1 July 2018 Year 2	1 July 2019 Year 3 & 4	1 July 2021 Year 5
<3 years' service OR	Level 0*	L0	\$19.00	\$19.80	\$20.50	\$21.50
3+ to 8 years' service OR	Level 2*	L2	\$20.00	\$21.00	\$21.50	\$23.00
8+ to 12 years' service OR	Level 3*	L3	\$21.00	\$22.50	\$23.00	\$25.00
12+ years' service OR	Level 4*	L4b	\$23.50	\$24.50	\$25.50	\$27.00

The minimum rates and progression for care and support workers employed after 1 July 2017 will be based on their level of qualification and the year that they commence employment. For example, a care and support worker with a level 2 qualification starting work on 1 July 2018 will be entitled to the minimum hourly rate of \$21.00.

Qualifications

The qualification must be a Level 2, 3 or 4 New Zealand certificate in Health and Wellbeing from an NZQA accredited provider or an equivalent qualification.

If employees have questions about their qualifications, they should refer to the Careerforce website www.careerforce.org.nz/pay-equity/equivalencies or contact Careerforce by calling 0800 277 486 or emailing info@careerforce.org.nz with 'Pay Equity Qualification Query' in the subject line.

Training

Contracts between funders and providers will require employers to provide the necessary systems and support to enable workers covered by the settlement to reach the following NZ Qualifications Authority Health and Wellbeing Certificate qualifications within the following time periods:

- Level 2 NZ Certificate – within 12 months of employment
- Level 3 NZ Certificate – within 3 years of employment
- Level 4 NZ Certificate – within 6 years of employment

Contact the pay equity implementation team

There is a dedicated pay equity implementation email address, payequity_implementation@msd.govt.nz, which you can send questions to at any time. Someone from our team will respond to you as soon as possible.