

Hon Dr Jonathan Coleman

Minister of Health



18 April 2017

Media Statement

\$2 billion pay equity settlement for 55,000 health care workers

Health Minister Jonathan Coleman has today announced that some of the health sector's lowest paid workers will share in a \$2 billion pay equity settlement over five years.

The wage boost follows the TerraNova pay equity claim brought by E tū (previously the Service and Food Workers Union) on behalf of care worker Kristine Bartlett.

"This settlement recognises the work carried out by the 55,000 workers in our aged and disability residential care, and home and community support services across the country," says Dr Coleman.

"From July 1 this dedicated and predominantly female workforce who are mostly on or around minimum wage will receive a pay rise between around 15 and 50 per cent depending on their qualifications and or experience.

"For the 20,000 workers currently on the minimum wage of \$15.75 per hour, it means on July 1 they will move to at least \$19 per hour, a 21 per cent pay rise. For a full-time worker, this means they will be taking home around an extra \$100 a week, which is over \$5,000 a year."

For these 55,000 workers this funding boost will see wages increase to between \$19 to \$27 per hour over five years. Existing workers will be transitioned to positions on the new pay scale which reflect their skills, and their experience. For new workers employed after July 1 wages will be based on an individual's level of qualifications.

A care and support worker on the minimum wage with three years' experience and no qualifications will receive a 27 per cent increase in their hourly wage rate moving from \$15.75 to \$20 per hour from July 1. That rate would progressively increase to \$23 by July 2021 and would rise further if they attain a higher qualification.

The \$2.048 billion settlement over five years will be funded through an increase of \$1.856 billion to Vote Health and \$192 million to ACC. ACC levies are set for the coming years, but may possibly increase over the next decade to support this. However, that is not definite. There may also be an increase in costs for people in aged residential care facilities, whose assets keep them above the subsidy threshold. This will be determined through the annual Aged Residential Care contract negotiations.

“To ensure the pay rises happen in the agreed manner, I will be introducing legislation to Parliament shortly,” says Dr Coleman.

“I would like to thank E tū, Public Service Association, New Zealand Nurses Organisation, and the Council of Trade Unions for their constructive and positive approach throughout the negotiations. I would also like to acknowledge the New Zealand Aged Care Association, Home and Community Health Association, and the New Zealand Disability Support Network for the vital role they have played in reaching this agreement over the past 20 months.

“I would also like to recognise the employers who will implement this new wage structure and pass the rates onto their staff.

“Home and community support, disability and aged residential care workers are widely seen as amongst the most deserving of recognition as a pay equity case. It is an historic moment for the Government to address this undervaluing with Ms Bartlett and the unions.”

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Please find attached examples of how this pay increase will benefit the three different areas of the workforce: Home and Community Support Services, Aged Residential Care and Community and Residential Living. Also attached is a detailed Q&A.