

Employee factsheet

Care and Support Workers

(Pay Equity) Settlement Agreement

April 2017

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 settlement originates from the TerraNova pay equity claim brought by E tū (previously the Service and Food Workers Union) on behalf of care worker Kristine Bartlett. The case successfully argued that a caregiver's pay is less than would be paid to a male with the same skill set in a different occupation due to the fact caregivers are predominantly female.

From July 1 the workforce, who are mostly on or around minimum wage, will receive a pay rise between 15 and 50 per cent depending on their qualifications and or experience. The settlement means over the next five years, the workforce will see their wages increase on a range between \$19 to \$27 per hour. On July 1, the 20,000 workers currently on the minimum wage of \$15.75 per hour will move to at least \$19 per hour – a 21 per cent pay rise. This will result in increases to their take home pay of at least \$100 a week, or more than \$5,000 a year.

Legislation will be introduced to Parliament shortly to implement the settlement agreement. This settlement addresses a historic undervaluing of this workforce and will help to support increased qualifications and reduced turnover in the sector, which will result in better care for New Zealanders.

New wage structure

The new wage structure needs to be ratified by union members before being released publicly but is a range from \$19 to \$27 an hour and will be phased in over a five year period from 1 July 2017.

Examples of what the settlement means for you

Minimum Wage: Elizabeth is an aged residential care worker on the minimum wage of \$15.75 per hour. She has three years' experience. On 1 July 2017 her rate will increase by 27 percent to \$20 per hour, and progressively increase to \$23 per hour by 1 July 2021, a 46 percent increase overall. If she attains a Level 3 qualification, her rate would increase to \$25 per hour in 2021, a 58.7 percent overall increase. This means her take home pay would increase by around \$140 a week, or \$7,000 a year from 1 July 2017.

Home and Community Support Services: Susan has three years of experience and a Level 3 care and support qualification. She is currently paid \$16.22 an hour. Based on the proposed rates, her pay would increase by 29.4 percent on 1 July 2017 to \$21 an hour. She would also receive increases over the next four years to reach \$25 an hour on 1 July 2021 if she

stayed a Level 3 caregiver. This means her take home pay would increase by around \$155 a week, or \$8,000 a year from 1 July 2017.

Aged Residential Care: Joy is on an average pay rate of \$16.65, with a Level 2 care and support qualification. Based on the rates proposed, her pay would increase by 20 percent to \$20 per hour from 1 July 2017. The ongoing increases planned for the next four years would see her hourly rate rise to \$23 by 1 July 2021 (an increase of 38.1 percent on her pre-settlement rate). This means her take home pay would increase by around \$110 a week, or \$5,500 a year from 1 July 2017.

Community and Residential Living: Ngaire is on the average disability support worker pay rate of \$17.72, with a Level 2 care and support qualification. She has eight years of experience. Under the rates proposed, her hourly rate would rise by 18.5 percent to \$21 an hour on 1 July 2017. Ngaire would also receive ongoing increases over the next four years to take her up to \$26 an hour by 1 July 2021. If she gained a Level 3 qualification, she would not receive an increased wage rate, as the transition rate recognises her skills and experience. But if she went on to gain a Level 4 qualification, and role, her rate would rise to \$27 by 2021. This means her take home pay would increase by around \$110 a week, or \$5,500 a year from 1 July 2017.

Transition arrangements for existing workers

The Government recognises the historic nature of this agreement in addressing systemic gender inequality. The agreed transition and progression process for existing care and support workers from 1 July 2017 reflects the fact that many long-serving and experienced care and support workers have never had their skills and experiences recognised through formal qualifications.

Therefore on 1 July 2017 all existing care and support workers will move on to a step on the scale that recognises their current qualifications or their service with their current employer, whichever is the most advantageous. The transition process needs to be ratified by unions before being publicly released.

Training

Settlement parties have agreed to create incentives to help care and support workers gain formal qualifications. Therefore the 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 (or their relevant equivalent) 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

The Government will fund employers for two days per employee per year as its contribution to education and training.

Frequently asked questions

1. When will I begin receiving my extra pay?

You can expect to receive your increased wages in the first pay day after 1 July 2017 (i.e. weekly or fortnightly, depending on your normal pay run).

2. What about my other conditions of employment?

Generally, all other conditions of employment remain the same. However, service and qualification allowances will be extinguished because they have been replaced by the new qualifications-based pay structure. Weekend and penal rates in employment agreements will remain but those that are calculated as a percentage of base pay will be converted to allowances.

3. Will I still receive the extra pay if I am not a union member?

All employees covered by the settlement in the aged and disability residential care and home and community support sectors will receive the new wage rates regardless of whether or not they belong to a union.

4. Can the settlement be used for relativity claims by other groups of workers?

This settlement addresses historic issues of systemic gender discrimination and by its nature involves a change in wage relativities. The parties to the settlement agree that it will not be used as a precedent for other occupational groups. With regards to wider pay equity work, in November 2016 the Government announced the pay equity principles and the Equal Pay Amendment Bill will be progressed in 2017 to implement the changes and establish a process for groups to raise and resolve pay equity claims through bargaining as opposed to through the courts.

5. Are there any additional benefits from the settlement?

The care and support workforce has traditionally had high turnover of around 30 per cent. The increased wage rates are expected to help with recruitment and retention of workers, which means better continuity of care for clients and a more stable workforce overall, and is especially important with an ageing population. As the settlement also links pay rates to qualifications, this will encourage care and support workers to increase their qualifications, meaning that over time, workers are likely to be more highly trained.

6. What types of work does the settlement not cover?

Settlement parties agreed that the settlement does not include behavioural support services, caregiver support, child development services, environmental support, funded family care, and mental health services. Meanwhile, the Ministry of Social Development and Ministry for Vulnerable Children, Oranga Tamariki have agreed in principle to enter into negotiations with unions and providers on the basis that vocational and disability workers they fund will be covered by terms consistent with the settlement agreement.

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