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| Fact Sheet  Care and Support Workers (Pay Equity)  Settlement Agreement | Dec 2018 |

## 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 MSD/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 aligns 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 from1 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 required approval by Ministers, and ratification by the unions.

Following union ratification, implementation of the settlement agreement was 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.

## 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 tu and PSA)
* Ministry of Health
* Treasury
* MSD / MVCOT Executives
* 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 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 five years (on 1 July 2017, 1 July 2018, 1 July 2019, 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.

**Pay rates for workers employed before 1 July 2017**

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

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| 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 |

There is an additional pay band, L4a, that applies to existing employees who have not achieved a Level 4 Certificate or higher and who complete 12 years or more of continuous service ***after*** 1 July 2017. However, if an employee has reasonable grounds to argue that they were not provided with the support necessary to achieve the Level 4 qualification, that employee will be entitled to move to the Level 4b pay band.

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| Length of Service and  Qualification | Pay Band | After 1 July 2017 | On or after 1 July 2018 | On or after 1 July 2019 | On or after 1 July 2021 |
| 12+ years’ service after 1 July 2017 *and* NZQA  Level 3 or below | L4a | $22.50 | $23.50 | $24.50 | $26.00 |

**Pay rates for workers employed on or after 1 July 2017**

The pay bands for workers who are employed on or after 1 July 2017 are calculated on the basis of their qualifications alone. This applies to all new employees, even if they have a number of years’ experience as a care and support worker with a previous employer.

An employee’s length of service can only be taken into account if they have had “continuous employment”.

Continuous employment as a care and support worker with their current employer includes any period during which the worker is—

(i) on paid holidays or leave under the Holidays Act 2003; or

(ii) on parental leave under the Parental Leave and Employment Protection Act 1987; or

(iii) on volunteers leave (within the meaning of that term in section 2(1) of the Volunteers Employment Protection Act 1973); or

(iv) receiving weekly compensation under the Accident Compensation Act 2001 as well as, or instead of, payment from the employer; or

(v) on unpaid sick leave or unpaid bereavement leave; or

(vi) on unpaid leave for any other reason for a period of no more than 1 week.

Continuous employment with a previous employer will only contribute to an employee’s length of service if:

(A) the worker transferred from the previous employer to the current employer; and

(B) the transfer was a result of restructuring (within the meaning of that term in section 69B of the Employment Relations Act 2000); but (unless otherwise agreed between the worker and the worker’s employer) does not include unpaid leave unless it is mentioned in paragraphs (i) to (vi), above.

The definition of “restructuring” can be found [here](http://www.legislation.govt.nz/act/public/2000/0024/latest/DLM59181.html). The most common circumstance in which restructuring might be relevant to continuous service would be if all or part of one employer’s business is sold or transferred to another employer.

## 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](http://www.careerforce.org.nz/pay-equity/equivalencies) or contact Careerforce by calling 0800 277 486 or emailing [info@careerforce.org.nz](mailto: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