

Reducing pay disparity for nurses and kaiāwhina in general practice and urgent care: Frequently Asked Questions

12 July 2023

1. Why is general practice eligible for pay disparity funding?

The Government has made available \$200 million per annum from 1 July 2023, to increase pay rates for community-based nurses. The funding is to provide immediate relief to health services most affected by the flow of nurses to Te Whatu Ora hospital-based services, due in part to pay gaps between comparable roles.

At the time of the 28 November 2022 announcement, general practice was excluded from receiving the increased funding because data provided by the sector showed no real evidence of a pay gap with hospital-based roles. However, it was noted that this decision could change if evidence of a pay gap later emerged.

Since then, the pay rates for hospital-based roles have increased and the Ministers of Health and Finance agreed that the general practice sector is eligible to receive some of this additional funding to increase the pay rates for eligible nurses and kaiāwhina from 1 July 2023.

2. Which general practices are eligible to receive the pay disparity funding?

Eligible general practices for additional funding under this initiative are those that receive funding from Te Whatu Ora or Te Aka Whai Ora for general practice services, employ nurses and eligible kaiāwhina, have responded to Te Whatu Ora's request for workforce Full Time Equivalent (FTE) data and have accepted the funding offer.

3. Why are urgent care centres included in the pay disparity funding for general practices?

Urgent care centres are in scope for additional funding under the pay disparities funding, in line with the approach agreed for general practice.

The basis for this is that urgent care provides a similar service as general practice and that evidence suggests a similar wage gap has arisen for their nurses compared to Te Whatu Ora nurses.

4. Which general practice employees are eligible to receive this additional funding?

Eligible workers are defined as:

- An eligible kaiāwhina is an employee working in a role that has a position description that is 50% or more in common with the Te Whatu Ora-employed Health Care Assistant (HCA) position and the role is not covered by a pay equity claim or settlement (e.g care and support workers and social workers). A HCA means an employee who is an auxiliary to the nursing team, and is able to perform tasks in their position description relating to patient care and who works under the direction of a registered nurse or midwife.
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- A nurse is an employee working in a nursing role and whose position description or employment agreement or letter of offer requires them to be registered by the Nursing Council of New Zealand, which, to avoid doubt, includes an enrolled nurse. For clarity, funding has not been provided to increase the pay of self-employed, contractor or bureau nurses.

For clarity:

- (i) The data collection specified senior nurses as roles that specifically require a registered nurse in a dedicated senior role. The titles align to Designated Senior Nurse roles within the primary health care sector as per [New Zealand Nurses Organisation's Primary Health Care position descriptions](#).

5. *How was the average pay gap for general practices calculated?*

The pay disparity funding calculation is based on the workforce data provided by the 52% of general practices that completed the April 2023 workforce data request. The workforce data showed that pay rates vary across general practices.

The average pay gap has been calculated based on employee pay rate data for staff earning less than 95% of the rates of the Te Whatu Ora Agreement in Principle Pay Equity base pay rates set by the 14 December 2022 Employment Relations Authority determination¹. This resulted in average pay disparity funding of 8% across all eligible general practice workforces.

The average pay gap with current Te Whatu Ora pay rates was calculated as 13%, but the average pay disparity funding has been calculated as 8%, which is 13% less 5% because the pay disparity funding is intended to increase average pay rates to 95% of Te Whatu Ora base pay rates.

6. *How was the pay disparity funding for each general practice calculated?*

The variability of workforce models across the general practice sector means that there is the potential for some practices to be disadvantaged if a generic approach is taken to allocate the pay disparity funding across all general practices. This is because a generic allocation approach may not deliver enough funding to reduce pay gaps for eligible workers employed under the different workforce models across general practices.

To address this, the average pay disparity funding by workforce has been calculated based on the workforce data provided by the 52% of general practices that completed the April 2023 workforce data request.

The pay disparity funding offered to each general practice takes into account the:

- number of full time equivalent (FTE) employees in each of the eligible workforces (senior nurses, registered nurses, enrolled nurses, kaiāwhina) reported in that practice's response to the workforce data request
- number of vacancies against budgeted FTE positions in each of the eligible workforces that the general practice expected to fill before 1 July 2023 that was reported in that practice's response to the workforce data request.

The calculation also takes into consideration costs for Kiwisaver and ACC.

7. *When will general practices receive the additional funding?*

General practices that accepted the offer of the pay disparity funding in June 2023 are expected to receive the funding in late July 2023.

¹ These rates are outlined in Appendix 2 of the funding offer.

8. How can general practices use this funding?

General practices are required to use all of the funding to increase the take-home pay of eligible nurses and kaiāwhina.

They must first use the funding to increase the base pay rates of eligible workers to 95% of the relevant Te Whatu Ora Agreement in Principle Pay Equity base pay rates set by the 14 December 2022 Employment Relations Authority determination² (to the extent that can be achieved within the funding they receive.) Then, if there is any funding left over, they must use all that remaining funding to increase the rates and allowances of eligible workers. For example, they might further increase base pay rates, or introduce or increase penal rates, shift allowances or overtime rates.

Details about Te Whatu Ora base pay rates, penal rates, shift allowances, or overtime rates can be found in the Te Whatu Ora, New Zealand Nurses Organisation collective agreement, published on the Te Whatu Ora website.

The setting of employee pay rates is the responsibility of the employer, subject to good faith bargaining with the relevant employee(s) and relevant unions(s). It is for the employer to determine what the relevant Te Whatu Ora rate is for each eligible employee, decide how to allocate the funding across eligible employees and determine whether there is an opportunity to consider introducing or increasing other rates or allowances.

9. If a general practice put up its wages for nurses and/or eligible kaiāwhina after the 14 December 2022 Employment Relations Authority determination that the Te Whatu Ora rates would increase to the Agreement in Principle rates, can it use the pay disparity funding to reimburse the costs?

Eligible general practices that increased the pay rates of nurses and/or eligible kaiāwhina after the 14 December 2022 Employment Relations Authority determination may use the pay disparity funding to reimburse the increased wage costs.

They must then use any remaining funding to increase the base pay rates of eligible workers to 95% of the relevant Te Whatu Ora Agreement in Principle Pay Equity base pay rates set by the 14 December 2022 Employment Relations Authority determination³ (to the extent that can be achieved within the funding they receive). Then, if there is any funding left over, they must use all that remaining funding to increase the rates and allowances of eligible workers. For example, they might further increase base pay rates, or introduce or increase penal rates, shift allowances, or overtime rates.

10. Can a general practice receive additional funding for other services under this initiative?

A small number of general practices will receive more than one offer of pay disparity funding because they are contracted to provide more than one service that is eligible for additional funding under this initiative. For example they provide general practice services and Well Child/Tamariki Ora services, or community district nursing or sexual health services, etc.

11. Will a general practice get more pay disparity funding if it employs more staff after 1 July 2023?

The pay disparity funding is provided to increase the pay rates of eligible employees as at 1 July 2023 and is based on specific workforce data reported by each practice, including the number of vacancies that practice expected to fill before 1 July 2023.

² & ³ These rates are outlined in Appendix 2 of the funding offer.

12. What reporting is required by general practices that receive pay disparity funding?

By accepting the offer of the additional funding, the general practice agreed to report on the use of the pay disparity funding. This includes reporting on the use of the funding to increase base pay rates, and potentially penal rates, shift allowances, overtime rates, or other allowances. The reporting is a one-time requirement.

13. What happens for general practices that are yet to provide Te Whatu Ora with their workforce data?

The variability of workforce models across the general practice sector means it is not possible to take a generic approach to allocating the pay disparity funding across general practices.

Te Whatu Ora has calculated the average pay disparity funding by workforce, but it does not have information on the workforce model operating in each general practice. This means that general practices that do not provide Te Whatu Ora with their workforce data will not receive the pay disparity funding

The third and last request for workforce data from the practices that had not provided Te Whatu Ora with the data it needed to allocate them some of the pay disparity funding closed at 5pm, 23 June 2023.

14. Is the pay disparity funding ongoing and will it get included into the annual general practice fees uplift process?

The pay disparity funding offered to general practices is in addition to the funding they receive through the Annual Statement of Reasonable Fee Increase (ASRFI) process to meet wage cost pressures. It will be paid to general practices on an ongoing monthly basis and will be increased over time through the ASRFI process.

15. How does the pay disparity funding get included in the annual general practice fees uplift process?

General practices:

- receive \$1.039 billion annually in capitation funding
- receive annual funding increases through the Annual Statement of Reasonable GP Fee Increase (ASRFI) process
- have alternate revenue streams (other health funding, patient co-payments, ACC and more recently COVID-19 funding).

Capitation funding increases are set through the contractually agreed ASRFI process.

The increases are effective from 1 July, independently calculated (by Sapere) and based on the following Statistics NZ indices for the year ended 31 December:

- a) Labour Cost Index (LCI): Health Care and Social Assistance
 - b) Producer's Price Index: Inputs – Health Care and Social Assistance
 - c) Capital Goods Price Index: Non-Resident Buildings
 - d) Capital Goods Price Index: Plant, Machinery and Equipment.
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The LCI weighting is 80 percent. This means 80 percent of general practice fee increase is directly linked to addressing wage cost pressures measured by movement in the LCI.

The ASRFI process increased general practice fees by \$58.160 million from 1 July 2021 and a further \$49.768 million from 1 July 2022 (a total of \$107.928 million) of which 80 percent is directly linked to addressing wage cost pressures. This means that general practices received \$46.528 million from 1 July 2021, a further \$39.815 million from 1 July 2022 and a further \$59.04 million from 1 July 2023 to address wage cost pressures.

Any pay disparity funding will be added to the \$1.039 billion baseline funding.

This means that:

- the 2023/24 ASRFI process has delivered a higher rate price uplift because the base line is higher (ie the baseline is now \$1.039 billion plus the pay disparity funding)
 - the 2024/25 and outyears ASRFI process will deliver a higher price uplift because the base line is higher and because the increase in nurses pay rates will have an ongoing impact on the LCI
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