

Reducing pay disparity for nurses and kaiāwhina in community settings: Frequently Asked Questions

29 May 2023

For Providers

1. *What is this funding for?*

In November 2022, Cabinet agreed to provide additional funding of up to \$40 million by June 2023 and up to \$200 million in 2023/24 and annually to help reduce pay gaps between some community-based nurses and kaiāwhina and those working in Te Whatu Ora hospitals.

The funding is to provide immediate relief to health services most affected by the flow of nurses from the community health sector to higher paid roles in Te Whatu Ora hospitals or overseas, but it will not result in the same pay or working conditions as Te Whatu Ora employed nurses.

2. *How can providers use this funding?*

The initiative's intent is to reduce the base pay gap between nurses employed and working in the community, and comparable Te Whatu Ora nurses. Employers must use 100% of the funding to increase pay rates for nurses and kaiāwhina.

Employers must first use the funding to increase the base pay rates of eligible workers to 95% of the relevant Te Whatu Ora rates (to the extent that can be achieved within the funding paid to employers). They have discretion to use any remaining funding to further increase base rates or to introduce or increase other allowances, such as penal rates and overtime, or for recruitment to fill nurse or kaiāwhina vacancies.

3. *Is my organisation eligible?*

Eligible organisations are those that receive funding from Te Whatu Ora or Te Aka Whai Ora, and employ eligible workers that deliver any of the following services:

- Aged Residential Care (ARC)
 - Hospices
 - Home and community support services (HCSS) and other community nursing
 - Māori providers with eligible services
 - Pasifika healthcare providers
 - Family Planning and sexual health services
 - Rural hospitals
 - Youth One Stop Shops
 - Plunket/Well Child Tamariki Ora services
 - General practice services that have completed Te Whatu Ora's workforce data collection
 - Mental health and addictions
 - National Telehealth Service
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- School based health services

4. *What workers are eligible?*

Nurse means 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.

Kaiāwhina means an employee who you determine has a position description that has 50 percent or more in common with the Te Whatu Ora-employed Health Care Assistant position as described in the current NZNO MECA:

"Health Care Assistant (HCA)" or "Hospital Aide (HA)" 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.

Workers who are the subject of a pay equity claim were not included in the calculation of the service price uplifts, whether or not that claim has been settled prior to 1 April 2023. This includes the Support Worker Pay Equity claim, and the upcoming Social Worker Pay Equity extension.

5. *Is this pay parity?*

Pay parity refers to equal pay between comparable roles, where rates are aligned to rates paid for a role with similar skill level, training, responsibilities, effort and working conditions. This funding is to address pay disparity by reducing the base pay gap between comparable workforces (between funded and Te Whatu Ora employed nurses and kaiāwhina who are not covered by a pay equity claim).

6. *I am provider, who can I contact for more information?*

Details regarding the funding approach can be found in the cover letter sent to providers, alongside the contract agreement. If this information does not answer your specific question, you may send your query to paydisparities@health.govt.nz.

7. *How have funding amounts been allocated?*

Eligible providers will have received a letter of explanation describing how the funding has been calculated and allocated for their specific service.

The considerations for funding calculations are:

- the average wage rates for a provider or service; and
- the number of eligible workers or proportion of nursing on a service to each provider is calculated according to service volumes; and
- the nursing component for that service; and
- the level of current pay disparity in the sector.

8. *Does the funding cover KiwiSaver / ACC increases as a result of increased wages?*

The calculation for funding has taken into account associated increases of KiwiSaver and ACC.

9. *When will providers receive funding?*

Payments for tranche 1 providers that accepted offers have been made for the period 1 April – 30 June 2023.

From 1 July 2023, funding for these sectors and tranche 2 sectors will be incorporated into contract prices, subject to acceptance of the offers. We are working with the general practice sector to finalise arrangements for those providers that submitted the workforce data collection.

The additional funding will be paid in accordance with providers scheduled payments in their eligible contracts.

10. What period does this funding cover?

The interim payment to providers in tranche 1 covered the period of 1 April to 30 June 2023. Funding for both tranche 1 and 2 will be incorporated into contracted service prices from 1 July 2023, subject to acceptance of the offer and approvals.

11. What step in the remuneration scale should my employees be and how much should I pay them?

As the employer, you are responsible for determining employment practices and policies, including the role, level and how you allocate the funding across your workforce.

For Te Whatu Ora nurses, they are appointed to a step based on their relevant experience and progress up a step every year of service to a maximum of step 5. Thereafter, they progress up a step every year of service to the maximum of step 7 (subject to satisfactory performance, which is assumed to be the case unless the employee is otherwise advised). A new graduate nurse is appointed at step 1.

Te Whatu Ora would usually consider a Clinical Nurse Manager and Clinical Team Leader as senior nurses and appoint them at a senior nurse scale rate.

More information can be found on the Te Whatu Ora website:

<https://www.tewhatauora.govt.nz/whats-happening/what-to-expect/for-the-health-workforce/employment-relations/nurses-pay-equity/>

12. Are general practice nurses eligible for this funding?

All general practices that employ nurses and kaiāwhina will be eligible for the funding, subject to an employer's acceptance of the offer and completing Te Whatu Ora's workforce data collection.

13. If I put my wages up following the Minister's announcement on 28 November, can I use this funding to reimburse these costs?

If you are a general practice, you may use the additional funding to reimburse the costs associated to wage increases for nurses and kaiāwhina from 24 May 2023, the day the Minister of Health announced that general practice will be included into the pay disparity funding initiative.

For other eligible services, if you put wages up after the Minister of Health's announcement on 28 November, you may use this funding to reimburse the costs associated to wage increases from this date. You will need to demonstrate this during the reporting that is required to be submitted in August 2023.

For Employees

1. *What is pay disparity?*

Pay disparity refers to pay gaps between workforces which perform comparable work. Some nurses and kaiāwhina working in community settings earn less than their Te Whatu Ora employed peers working in hospitals.

This funding is intended to reduce the pay gap for eligible workforces. It will not result in pay parity, which is when there are similar terms and conditions for a workforce.

It is also not pay equity, which is where women and men receive the same pay for doing jobs that are different, but of equal value. Pay equity requires a claim to be submitted under the Equal Pay Act 1972.

2. *I am an employee of an organisation that has received funding. When can I expect to receive a pay increase?*

If your employer was eligible and accepted the offer from Te Whatu Ora or Te Aka Whai Ora for initial priority funding, they received funding to increase pay rates from 1 April 2023. This includes:

- Aged Residential Care (ARC)
- Hospices
- Home and community support services (HCSS) and other community nursing
- Māori providers with eligible services
- Pasifika healthcare providers

Eligible employers in the next group who accept the offers will have the additional funding available from 1 July 2023 to increase pay rates. This includes:

- Family Planning and sexual health services
- Rural hospitals
- Mental health and addictions
- Plunket/Well Child Tamariki Ora services
- General practice services that have completed Te Whatu Ora's workforce data collection
- National Telehealth Service
- School based health services
- Community care services
- Youth One Stop Shops

Note: Setting pay rates is the responsibility of your employer.

3. *How can I find out if my organisation has received funding?*

You will need to speak with your employer to confirm if they are eligible for the funding and have accepted the offer.

4. *I am an eligible employee, who can I contact for more information?*

Please contact your employer or union for information about whether you may receive a pay increase as a result of this initiative.

5. *Why am I not getting the same pay as a Te Whatu Ora nurse?*

Te Whatu Ora nurses' wages are subject to the agreed settlement between New Zealand Nurses Organisation and Te Whatu Ora. If you have a different employer, there may be different workforce, working conditions and pay agreements.

For example, Te Whatu Ora and Te Aka Whai Ora are not a party to the primary health care Multi-Employer Collective Agreement so have no role in that process. It is an agreement between primary care employers and NZNO.

Pay parity refers to equal pay between comparable roles, where rates are aligned to rates paid for a role with similar skill level, training, responsibilities, effort and working conditions. The additional funding under this initiative is to address pay disparity by reducing the base pay gap between comparable workforces (between funded and Te Whatu Ora employed nurses and kaiāwhina who are not covered by a pay equity claim).

6. Am I an eligible employee for this funding?

The funding is targeted towards nurses and kaiāwhina working in roles that require someone to be a registered or enrolled nurse, or a kaiāwhina who has a role similar to a healthcare assistant employed in a hospital. You must be working in a role that specifically requires one of these roles.

If you are part of a workforce that has a pay equity claim or settlement, you are not eligible for a pay increase under this initiative. This could include the 1 July 2022 Support Workers claim or the Social Workers Pay Equity settlement.

7. How much money will I receive?

Each employer and employee have different things to consider. Employers are responsible for allocating the additional funding across their eligible workforce and meeting their statutory obligation to work in good faith with their employees and any representative union. If employees have any questions relating to your employment, please contact your employer in the first instance. If your issue remains unresolved, you can contact your union or someone who can give you advice and represent you, if needed.

8. Who can I ask for support?

If you have any questions relating to your employment, please contact your employer in the first instance. If your issue remains unresolved, you can contact your union or someone who can give you advice and represent you if needed. You can also contact your local Citizens Advice Bureau or Employment New Zealand.

9. Will I get back-pay?

Please contact your employer to discuss how this funding will be paid to eligible workers in your organisation.

10. How many nurses and kaiāwhina will benefit from this funding initiative?

From 1 July 2023, an estimated 14,250 community and primary care nurses and kaiāwhina will be eligible to receive an increase in their current wages.
